

# Start Small, Think Big- May 2016

## SMALL GROUP OUTLINE

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<b>TOPIC</b>	Start Small, Think Big, Grow Gradually
<b>OBJECTIVE</b>  <u>Members</u> <u>Will:</u> <u>By:</u>	<b>MEMBERS:</b> Will: Start their business small, think big, and grow gradually By: Doing the following: <ul style="list-style-type: none"><li>• Asking questions that will help them decide when to increase in size</li><li>• Knowing when it is time to become bigger</li><li>• Understanding the consequences of trying to grow too soon</li></ul>
<b>GROUP WORK</b>  <u>Case Studies</u>  <u>Questions</u>  <u>Group Tasks</u>	<b>1<sup>st</sup> TASK</b> Read as a group each of the following three quotes looking for the answers to the questions. Summarize in one sentence the answer to each question.  <b>What questions could you ask that will help you decide to increase your size?</b> As you begin your small business and eventually begin trying to increase its size and profitability, part of your experimentation process might include asking questions about your product, service, and business. Will customers like the product? Is the location of the business the right one? Or might I be able to sell more products somewhere else? Do I have the right mix of products? Do the products or services complement each other? (WTANJ Vol 1, 6-7)  <b>When will you know if it is time to become bigger?</b> If you will choose to start small but dream big, you will likely be able to sense exactly when to start making the transition from small to big. If you have a good business plan and model, are willing to work hard, and apply each of the rules of thumb, you will eventually reach a point where you have too much work to do on your own—too many customers, too many clients, too small of a store. At that point, you will know that you are on the verge of being big, and you can take the next step: hiring employees and delegating responsibilities, moving into a bigger space, expanding to multiple stores, and so forth. But until you reach the point where you can't handle all of the business, the company should avoid incurring large, unnecessary expenses. The growth in business should drive the growth in size—not the other way around. You will be disappointed if you over optimistically think that looking big will make you big. (WTANJ Vol 1, 6-7)  <b>What are the consequences of trying to grow big too soon?</b> Many business owners, growing impatient with being small, have tried to grow faster than their resources will permit them to do. And by doing so, they have embarked on a scary (and often fatal) journey. They have had to work almost nonstop, borrow more and more money to stay afloat, and sometimes even borrow against their accounts receivable (in other words, use money that they don't yet have as collateral for a loan that they really need). The cost of staying in business skyrockets as the business owners move farther and farther along the road toward debt-laden size. <i>Remember that by starting small, you can ensure that your mistakes will be learning experiences from which you can recover—not fatal flaws that could doom your business forever.</i> (WTANJ Vol 1, 6-8)  <b>2<sup>nd</sup> TASK</b> Read as a group the case study below. Use the information you learned in the 3 paragraphs above and make an argument for Mark to expand or not expand. Be prepared to present your argument to the entire group.  Mark has a fruity drink stand. His drink, which contains chunks of super-fresh fruit, is very popular, especially on hot days. He takes the stand to where people are congregating, and customers wait in line for up to 15 minutes to buy the fruit drink. It was developed by his father, who with a flair and some gusto, adds just the right ingredients. Mark's children wait on customers and keep the supply of ingredients flowing to the stand. Mark handles the money, deposits it into the bank, pays participating family members on a regular basis, and keeps track of inventory levels. He dreams of expanding into a storefront and has accumulated a sizable savings to one day do so.