

If There's a Will... (*Entrepreneur Magazine* – March 1, 2004)

Entrepreneurship is all about growing your business, right? But research indicates there's a huge difference between entrepreneurs wanting to grow and actually being able to grow. In "Small Business Growth: Intention, Ability and Opportunity" (*Journal of Small Business Management*, Volume 41, Issue 4), Alison Morrison, John Breen and Shameem Ali examined more than 400 small, growing companies and found that almost 90 percent of the firms expressed a desire to grow and were highly confident they could do so. But when these intentions were compared to actual company performance, the ability to deliver the growth was unrelated to the desire.

Only 1 in 6 firms was growing faster than its industry, while a full quarter were growing at a slower rate. The same trend held true for two other growth-oriented standards: sales turnover (one-quarter showed no growth or a decrease; less than one-fifth experienced double-digit growth) and employment growth (4 out of 5 reported a decrease or no change). The lack of growth was overwhelmingly blamed on poor managerial expertise (83 percent said this hindered their ability to grow), inadequate technology (79 percent), not having the right mix of employees (76 percent), undeveloped business systems (76 percent), and financial limitations (72 percent).

The authors defined the opportunity for growth by market conditions, access to funding, some form of public sector regulation and the labor market. But without the internal ability to make growth happen, even firms with good opportunities missed out on growth. Intentions and abilities have to be matched to the opportunities; otherwise, the entrepreneur's efforts are for naught.

A targeted growth strategy outlined in a formal business plan was consistently one of the best internal attributes of firms that experienced solid growth in sales turnover and employment. Make sure you have the capabilities in place, because your strong desire to grow-in and of itself-isn't enough to expand your company's performance.