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Emerging Companies: The Scaling Challenge

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Emerging companies are companies in transition from being a startup to an emerging player in their market and are in the middle phases of their business plan. They have strategies in place but now need to execute at a different pace and higher volume. Even in a scenario when the leadership, business strategy, product and market are validated and revenue or funding is there, often these companies still struggle. What are the typical operational obstacles that cause the “growing pains” most companies at this stage experience? When looking at emerging technology companies, I believe there are three main areas that consistently stand out as reasons why these emerging companies have a difficult time scaling.

1. Customer Implementation and Project Delivery Execution
2. Development and Execution of an IT Strategy that aligns to Business Strategy
3. Sales and Professional Services Operations

Customer Implementation and Project Delivery Execution

Most startup and emerging companies are led by the technology and market visionaries who either bootstrap or get funding to bring their product to life and to the market. They are experts on their technology and how to implement it. But what about the ability to plan, lead and successfully execute multiple customer implementation projects?

About Us

Kenny & Company is a management consulting firm offering Strategy, Operations and Technology services to our clients.

We exist because we love to do the work. After management consulting for 20+ years at some of the largest consulting companies globally, our partners realized that when it comes to consulting, bigger doesn't always mean better.

Instead, we've created a place where our ideas and opinions are grounded in experience, analysis and facts, leading to real problem solving and real solutions – a truly collaborative experience with our clients making their business our business.

We focus on getting the work done and prefer to let our work speak for itself. When we do speak, we don't talk about ourselves, but rather about what we do for our clients. We're proud of the strong character our entire team brings, the high intensity in which we thrive, and above all, doing great work.

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Having led a startup software company myself, I recall that in the early days we relied on our engineers who knew the product to also lead implementations. While we were ultimately successful it was not without challenges. Most young companies fall into the mode of doing everything they can to please their early adopters, and their customers know this. In this stage of doing whatever it takes to make the customer happy, emerging companies are reluctant to lock scope and drive projects to the initial plan. They react to customer requests for additional functionality and customizations that were not part of the product release or project scope. This typically results in an increase in scope, timeline and additional cost that is either passed onto the customer or more typically the company absorbs it.

Companies at this stage likely do not have but desperately need, the project management leadership or expertise to effectively set and meet customer expectations, manage and drive the project plan, communicate issues, risks and methods for resolutions. They have experts in their technology and perhaps in a certain functional area, but may lack the ability to work cross-functionally and collaborate with the customer's business and IT organizations.

Development and Execution of an IT Strategy that aligns with Business Needs

This challenge is seen in almost every company of every size. However, the decisions made during this time as an emerging company ventures into implementing or subscribing to Enterprise Business Applications at a significant cost can impact the business in several ways. The transition from a startup using Google Apps and Excel or QuickBooks to more comprehensive Cloud Based or on-premise Enterprise Business Application is more than most companies expect. When companies achieve a certain revenue threshold, they feel compelled to invest heavily in business applications to help scale. However, many of these implementations like an ERP system for an emerging or small company can paralyze it while draining funds and resources.

It's usually a result of IT reacting to the demands of the business and getting some level of budget to make it happen. This sets off the chain of events where IT looks at Gartner's Magic Quadrant for the particular technology area to identify the top three to five vendors to present their solutions, then have them respond to an RFP, narrow it down to two vendors who then battle it out over cost. Having been on the technology vendor side of this, I know the process all too well.

What's consistently missing in this process with emerging companies is the collaboration that should happen between the business and IT communities before a vendor is even contacted. A clear definition of what the business users need today and in the future, an understanding of the user communities business processes and their level of technical acumen and an understanding of the overall business value, impact and measure for success. Most of these projects are approached from the technology functionality perspective, and less from the business perspective.

Sales, Channels and Professional Services Operations

As an emerging company scales, they will mostly rely on sales to get them to the next level. Whether its product sales or advertising sales for an online solution, one of the key decisions companies makes when scaling is determining the optimal go to market strategy. Some emerging companies will invest heavily in an all-star sales leader and ramp up a large sales team in a short amount of time. Others will invest in their channel operations and align with partners that can sell and support the product to their customers. For some, it's a combination of the two. The key success factor here is for a company to understand whom the right people are from both an experience and culture fit and what's the best way to ramp up so that they can be supported.

About the Author



Peter Daheb has spent his career delivering consulting services and technology solutions to executive level clients at Fortune 100, Small and Medium Businesses, and Emerging Companies. Peter has 14+ years in business development and consulting experience with Oracle, SageLogic Software, Informatica, Tangent Computer, Synnex and Slalom Consulting and has a broad range of technical expertise in the areas of Business Intelligence, CRM, ERP, Telecommunications and Cloud Computing. As an entrepreneur Peter has successfully launched two companies, is an active member of the Silicon Valley Association of Startup Entrepreneurs (SVASE) community and has published multiple perspectives on the startup and emerging company space.

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