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**Timing of  
Expansion**

**GROWTH  
MODULE**

# 4

## Timing of Expansion

Expanding a business can be challenging and risky. Timing is critical to give your business stability and direction through growth.

It is vitally important that you ensure you have the capacity and resources to cope with the expansion. Equally important with the timing is making sure that your current customers' requirements are still fulfilled during a period of growth.

To assist with timing of the expansion, it is important to understand your business and to set goals and targets. If you are very busy over the Christmas period, for example, and your expansion plans for a completely new product that won't sell at Christmas and takes 4 months to develop, it doesn't make sense to start this in October.

Over-expansion is a common failing of a business. This occurs when the expansion causes the business to breakdown for a variety of reasons:

- Cash flow problems (selling goods on credit and not having money come back quickly enough to pay the increasing costs).
- Customer problems (failure in promises resulting in customer loss).
- Or a multitude of other factors (e.g. increased fixed costs for a 2<sup>nd</sup> premises, bringing both premises down).

Expansion timings depend on a multitude of factors, which is why we recommend a [PESTLE](#) analysis for looking at the external factors. We can also create a growth plan, based on a business plan model, to ensure that the expansion is thought through and includes timing issues.

The information contained in this document is for guidance only and should not be relied on without obtaining appropriate advice. The information is not intended to render legal advice and is general information only.