

# How to build and improve capacity

To meet the demands of increased growth, it's likely that you'll need to boost your capacity by either doing more with what you have, or adding in new skills, expertise and equipment.

## Tips for building in-house capacity

Enhancing your resources in-house is the first step to take, just in case it's enough to build your capacity without needing to dramatically change your business.

### Improve your own skills

Identify which skills you need. We all learn by experience in our businesses, but you can speed this up by tapping into the expertise of others. Could you find a mentor or experienced business person who is willing to catch up with you for a couple of hours each month?

### Improve your employee's skills

If you need additional skills in your business such as an online marketing expert, instead of hiring a new employee could you train existing employees who may be under used or have a desire to cross train?

If you need to increase output, before you add to your workforce conduct a time/efficiency study and identify any employees that can take on an extra load, or cut processes or tasks that are not 100% required. Often you'll find employees don't know your priorities, and deleting work they do that is unnecessary can lead to improved capacity.

Start by auditing your needs and then identify which vital skills are missing. This will form the basis of new job descriptions. You should ask yourself:

- ★ Do you currently have the right mix of employees in your business?
- ★ Which employees are contributing to revenue generation, and which are cost centres? Remember some roles such as accounts will still be mission critical even though they're not directly involved in sales.
- ★ Do you need to adjust the balance of your employee skill base? You may need to re-train or search for employees with the attributes you need.

## Streamline systems and processes

Ironing out small inefficiencies can add up to big gains, for example delegate work to those that are best qualified for, or are the fastest, to the task.

Also consider developing templates/standard forms or adopt software and technology for everyday work to speed everyone up. For example [www.waveapps.com](http://www.waveapps.com) accounting software allows you to set up recurring invoicing without needing to do anything once it's set up.

Small business owners often complete a variety of daily tasks and can be notorious for being



unsystematic. Document each important or daily process in your business so any new employees can start being productive for you on their very first day.

## Tips for building external capacity

Once you've streamlined your business, the next step is to take the plunge and increase your overall capacity (checking that any increase in demand is sustainable).

### Consider contractors

Identify third party contractors or other companies that could take up extra slack to increase your capacity at any time. It will free you or employees up to work on the more important parts of the business (such as marketing or delivery/production)

Having a number of other people or businesses that you can contract parts of what you do can ease temporary capacity issues, before you decide to employ full timers, or buy additional equipment or inventory space.

### Review your equipment

If some of your equipment is outdated or obsolete, would an upgrade help improve your overall capacity? You could;

- ★ Lease key equipment or machinery until the capacity issue is solved
- ★ Investigate new technology that removes redundant processes or replaces manual tasks
- ★ Buy new equipment

Purchasing new equipment can be expensive, but remember that competitive advantage is gained from getting products to market quicker than your competition. Conduct a cash-flow forecast to see the impact loan repayments have compared to the extra efficiencies or production you'll gain.

## Raising capital

Do you have spare capital that could be better employed in the business? Many businesses build up cash reserves and there's little point having it sitting there doing nothing. Could you redirect that capital to improve your capacity?

### Borrowing from the bank

If your growth plans mean you're going to have to increase your capacity by such a degree that, even after reviewing all your internal resources, you're still going to have to borrow cash, we can help. Our range of [business loans and lines of credit](#) can be tailored specifically for your business needs. Convenient and flexible terms, payment schedules and credit access can let you concentrate on what's most important – growing your business.

## Summary

Don't be afraid to expand your operations if there's enough demand to justify it. You've heard the old saying – you have to spend money to make money – and this is especially true of spending to improve your business capacity if you're getting the kind of on-going orders that require a larger operation.

