

By G K Pramod



G K Pramod, an expert in MSME Oriented pilot programmes, and the author of ***The Second Gear: Strategizing Business growth Plan for Micro Entrepreneurs***, shares various aspects of Business Growth Plans in a series of columns through Small Enterprise India. Mr. Pramod discusses the importance of scalability in business.

What is Scalability?

Definition: If a Microlevel Entrepreneur is able to increase his/her business by duplicating his/her product/services without affecting the quality of the product/ service is called Scalability.

Importance of Scalability

Scalability helps Microlevel Entrepreneurs to increase turnover first, and profitability next.

Do's

- Look at scaling up the business, only when the existing business unit becomes sustainable.

Dont's

- Making huge investments in new outlets may be too much of a risk for a Microlevel Entrepreneur.

Challenges in Scalability in Service Business

When you scale up the business you need to ensure that the quality of the service remains the same in all outlets.

Challenges in Scalability in product business

If it is a product business, then marketing the product and reducing the price will be the two main challenges.

Author's Key Points

- Once the existing unit starts making profits, it is better to scale up the business.
- Scalability brings stability to the business.

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