

# Media Mention: Richard Crow's 'Insightful Discussion' on Business Growth

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## **There are some inherent challenges that come with starting your own business.**

Recently, the Greater Wilmington Business Journal asked four business professionals who've either experienced growth or advised clients on the subject for their take on important aspects that affect companies. This article only focuses on the responses given by Ward and Smith

business and tax attorney Richard Crow.

From the "Insightful Discussion:"

### **How can a business plan to grow, but not too fast?**

Rapid, or forced growth, can sometimes be detrimental to a business. That is not to say that driving towards rapid growth is necessarily a problem, but it should be done within the confines of a well-prepared plan. A good strategic and tactical plan will help the business focus on short-term and long-term goals and identify actions to be taken to achieve those goals.

Plans have to be revisited on a regular basis, and tactics may need to be revised based on learnings, including failures. However, you should have a plan and should follow the plan. The plan should keep the business focused and prevent, or at least minimize, unproductive projects or getting side-tracked.

### **How does a local business keep a local feel when growing?**

A business will find it difficult to function as a democracy; however, employee engagement and buy-in is a key component of a successful business. If you treat employees like owners, they will act like owners. Every business should want employees who are engaged in the business, who feel connected and valued, and who think of the business as more than just a job.

Although some plans need to stay within a select group of executives and employees, at least for a time, a business should consider providing regular updates to employees regarding the business's plans, goals, achievements, and failures. Constructive employee feedback should be solicited, and honesty should be encouraged. The process that is put in place by a business to solicit that feedback, to evaluate it, and to implement it will drive employee buy-in and engagement, which ultimately will help in driving growth

and achievement of other goals.

### **What's the most common mistake businesses make when trying to expand?**

A common mistake is pushing towards rapid growth in revenue, earnings, or customer or user base without allocating sufficient resources to maintain, update, and improve some of the foundational aspects of the business. Those may include such things as equipment and servers, information security safeguards, technology, software applications, policies and procedures, legal and regulatory compliance, intellectual property protections, and sales and other business-related contracts and documents.

Overlooking foundational elements may eventually lead to increased liability exposure, regulatory enforcement actions, contract claims, delays in production or project completion, customer dissatisfaction, or a failure to achieve or maintain growth targets. For those business owners looking to raise capital, or to eventually sell their business, a failure to maintain regulatory and legal compliance, poorly drafted vendor or sales contracts, non-existent or outdated policies and procedures, and general inattention to these aspects of a business may serve as a red flag during due diligence investigations by a potential investor or purchaser, may result in a reduction in the purchase price, or may cause a buyer to insist on a hold-back, indemnification, or some other security to account for the additional risk.

It may not be practical for every business to invest heavily in all of these areas at the same time, but a well-drafted strategic and tactical plan for the business will help to ensure that resources are appropriately allocated to achieve specific goals. Those plans also should be reviewed and updated on a regular basis to account for changes in short-term and long-term goals, steps for achieving those goals, and learnings from past successes or failures.

### **How should a business approach bringing on investors or partners to help fund the growth of a business?**

Raising capital from outside investors can be a very beneficial method of funding the growth of a business, particularly if third-party lenders, owner contributions or loans, or net profits of the business are not sufficient, desired, or available. Outside investors also may be able to provide the business with the benefit of their knowledge, contacts, ideas, and other resources that can be invaluable to a growing business.

Before talking with potential investors, I would suggest that the business have a good idea of the type of investors it is seeking, what role the investors may have in the business, and the structure of the investment. The business also will want to prepare a business plan or a pitch deck to help potential investors understand the business, its goals, its management team, how the funds will be used, and the structure of the investment opportunity. Finally, in an effort to keep the costs and fees associated with the investment round to a minimum, most businesses should strongly consider offering and selling their stock or ownership interests only to high earning or high net worth investors who are referred to as "accredited investors."

### **What approach should executives take toward investing in technology in growing a business?**

The effective use of technology by a business is key to operating efficiently, meeting increasing customer demands and expectations, and attaining and maintaining growth. There are still many small businesses that can get by using pen and paper. However, for most of us, a reasonable investment in technology is

integral to growth, and survival.

Cost of technology is certainly a consideration for executives. Implementing effective technology should not bankrupt a business. Executives need to consult heavily with their IT team, CTO, software developers, and other internal or outside technology experts. In addition to cost, the utility of a technology should be evaluated. What purpose does the technology serve for the business? Will it cut costs, make production faster, or improve security of information? Will it improve user or customer experiences or satisfaction? In addition, the business should consider whether the technology is flexible enough to be updated without having to entirely replace it.

**From a brick-and-mortar perspective, what do businesses need to know about seeking additional locations or larger spaces?**

Every business should consider whether it truly needs another brick and mortar location to grow. Personally, I enjoy face-to-face interactions with clients and co-workers. I believe there is no better way to develop a strong, long-lasting relationship than to interact in person. However, that is not always the most efficient way of doing business in today's environment, particularly in a region where available talent in certain areas may be difficult to locate.

Technology makes it much easier to allow employees to work remotely from home or another location. It also opens up an entire world of talent that you otherwise would have to compensate to relocate to the Cape Fear region.

**What should executives think about first when expanding their team?**

Executives should have a thorough understanding of the goals of the business, and the actions necessary for achieving those goals. That will help in identifying gaps in a team's experience, skills, and capabilities. Those gaps will need to be filled in order to efficiently achieve the business's goals. Also, executives should focus on whether the right people are in the right positions. If someone is not suited for a particular role, consider moving them to a role that better fits their knowledge or capabilities.

**What unique challenges do companies face in the Cape Fear region when it comes to expanding?**

The Cape Fear region has a great deal to offer businesses and is an attractive location for starting and growing a business. However, it does have some issues that pose challenges to expansion. I am not sure if it is a unique challenge, but the lack of an experienced workforce in certain areas, such as technology and software development, is an issue for businesses in this region. Our local colleges and university do a great job educating and training students and workers, but skilled and experienced workers in certain areas remain difficult to recruit locally. Often, those workers have to be recruited from outside of the area at a tremendous additional investment.

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Richard has significant experience in a broad range of business law matters, including mergers and acquisitions, tax planning, private securities offerings, and start-up businesses. He recently served as in-house counsel for a major background screening and compliance provider, giving him the rare experience of managing both the inside and outside counsel roles for the same entity. That experience colors his practice, and Richard is now known as "an inside counsel's outside counsel."