

FORCE FIELD ANALYSIS OF RAPID BUSINESS EXPANSION

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INTRODUCTION

For this Force Field Analysis, we address the challenge in changing the structure and focus of a consulting business to ready it for rapid expansion. While the business has been in operation since 2009, this restructure and expansion marks a significant change of focus. The business owner began this growth initiative in September 2019 and expect to reach their new desired state in December 2026. In this narrative, we explain the driving factors for restructuring and refocusing the business and discuss the most significant restraining factors working against the owner. In the process we hope to gain insight in how the owner can leverage the driving factors and mitigate the restraining factors.

THE PROBLEM

Seeking a new challenge, the owner left government service in 2009 and started a management consulting practice. While in government, the owner had managed the “business” of a large Army laboratory and they intended to build a consultancy around those skills. Their business was immediately successful, although not in the way expected. They planned to work in the military and federal government sector, but the opportunities coming their way were in the educational and nonprofit sectors. The marketing strategy was to walk through the open doors. At the third anniversary of their practice, they counted nine school systems, three colleges, and two state government agencies as clients. On the one hand, they felt successful in this sector, but

on the other hand, it could not support the income they had set out to earn. Over the next six years, their business acquired mostly non-profit clients, which they found worthwhile, but took them further away from their personal and professional goals. Most importantly, they did not reach their goal of covering their desired income so their partner could retire. They had two choices — get a job or grow this business into a more substantial enterprise. Once they began refocusing their business, new opportunities immediately presented themselves and a new problem arose — they needed to build a business that could support them. The problem that we are presenting in this Force Field Analysis is how to recalibrate their business from one with annual revenues of about \$750,000 to one capable of generating revenues of \$5,000,000. To do this they must change their customer base and build a new business infrastructure.

Current State

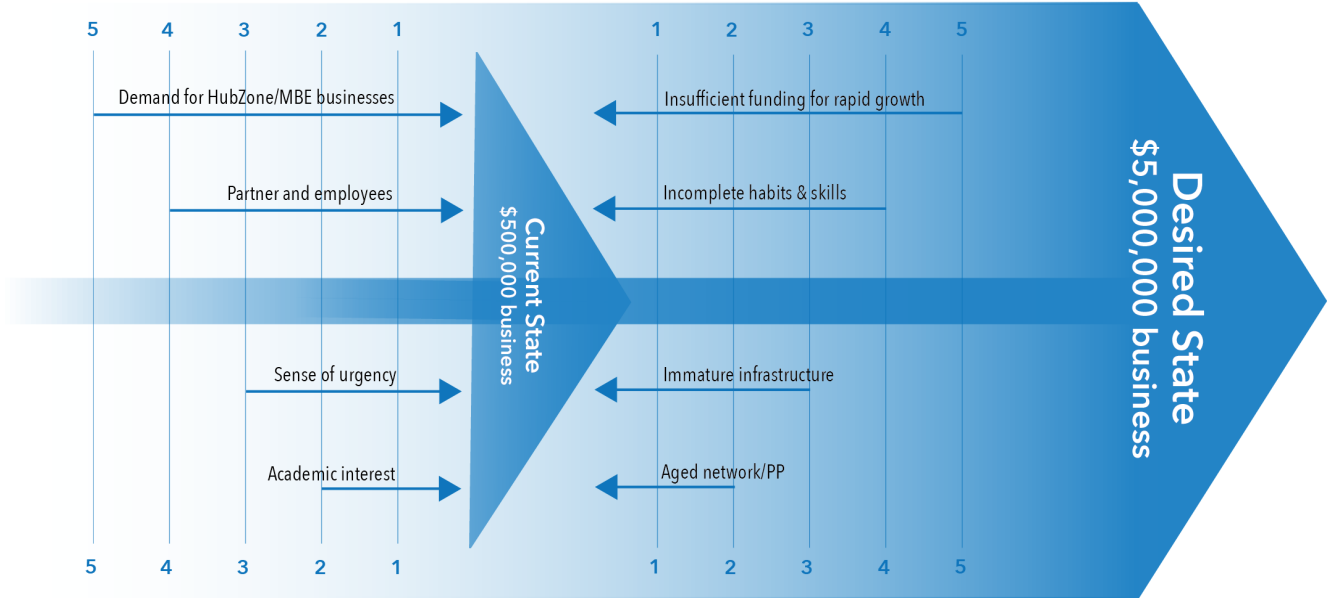
Currently their business' customer base is composed of 80% non-profit organizations, 15% state government agencies, and 5% private firms. They have two employees and six part-time contractors. Their annual gross revenue ranges from \$500,000 - \$750,000. It is not structured enough to operate independently of them.

Desired outcome

Their desired state at the end of 2026 is a business generating annual revenues of \$5,000,000 and a customer base composed of 60% federal or military agencies, 20% nonprofit or state/local government entities, and 20% private sector firms. The business would run with the support of approximately 20 full-time equivalents. Their role will be primarily strategy, business development, and people development.

VISUAL

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DRIVING FORCES

There are four driving forces that are lending energy to their business' growth:

- 1. Personal drive to reach certain personal goals such as increased income and a desire to build a profitable enterprise that can be sold. Impact rating=3.**

They are 54 years old with all of the attendant availability (kids have left the nest) and experience of that age. Their partner recently left his job after a series of traumatic health and family events last year and so their income is supporting the family. Additionally, they are interested in building an entity that eventually can be sold when they retire. This driving force is their personal commitment and sense of urgency.

- 2. Demand for management consulting businesses with ability to access government contracts set aside for HubZone-certified and MDoT MBE/DBE/SBE-certified firms like mine. Impact rating=5.**

As part of the strategy to expand their business and give it a competitive advantage in the federal contracting marketplace, they applied for certifications that would make their business eligible for contracting set-asides. To do this they hired employees who lived in Historically Underutilized Business Zones (HubZones) and moved their business to a qualified neighborhood in Baltimore. Additionally, they applied for and received Maryland Department of Transportation Minority/Disadvantaged/Small Business Enterprise certification, which qualified their business for set-asides at the state and local levels of government. These certifications also allow government agencies to work directly with them without having to possess a separate contract vehicle – an expensive undertaking for a small business. This competitive advantage will open doors that may otherwise be closed.

- 3. The involvement of a senior strategist and partner who brings complimentary skills and the immense talent of their two employees. Impact rating=4**

Colleagues bring important skills in training, facilitation, and diagnostics. Additionally they've hired two very talented employees who their customers love to work with.

- 4. Specific academic interest in public sector organization development and change management. Impact rating=2.**

They are professionally interested in studying innovation and entrepreneurship in government agencies.

RESTRAINING FORCES

There are four significant restraining forces that they will need to overcome to reach their goal:

1. Immature business infrastructure. Rating=3.

Their business requires more sophisticated systems to grow in the federal marketplace. For instance, their accounting systems will need to be Defense Contract Audit Agency (DCAA) compliant and their servers and document storage systems Cybersecurity Maturity Model Certification (CMMC) compliant. This necessitates an investment of time and money in upgrading the software and processes that they use for accounting and information security. In addition to their personal security clearance, they will need to obtain a facility security clearance, so they are eligible for contracts that require cleared personnel. Hiring and benefits packages and processes will need to mature. Lastly, project management systems will need to grow to accommodate more collaborators and stringent reporting requirements. While this has the impact of a 4 rating, they rated it a 3 because the path forward is clear.

2. Insufficient funding for rapid growth. Rating=5

If they want to grow with any speed, obtaining sufficient capital to sustain employees and expenses related to federal contracts is extremely important. To this end, they are building a relationship with a local credit union that has a good reputation for working with small businesses.

3. Past performance and network in federal market is aged. Rating=2

They perform work at the federal level, but some contracts are old. They will have to work harder to get in the door and build relationships. This is the lowest-rated factor because it is relatively easy to overcome.

4. Incomplete management habits and approach. Rating=4

They will need to operate at a different level by delegating more, taking more risks, spending more time coaching, and generally working outside of the owner's comfort zone. This is not only very important to their business' success but will require a significant amount of self development.

SUMMARY: OUTCOME ASSESSMENT RESULTS

What driving factors will they leverage and what restraining factors will they mitigate? What alternatives will they pursue? They will focus this analysis on the factors in both categories rated four or five, but keep in mind that they need to reduce the level of effort on forces rated 2 & 3 because they will have less impact on moving from current state to desired state.

Leverage

No question that the set-asides will create opportunities for their business that they would not otherwise have. So, marketing to companies and government agencies that need to fulfill a HubZone or MBE quota is an obvious strategy. However, no matter what set-asides or certifications a business possesses, it must also provide valuable services that are in demand. The opportunity here is to develop a sales pitch and a marketing plan that incorporates both the excellence of the work and the additional benefits of working with them. To maintain this certification, 35% of their employees need to live in a HubZone neighborhood. Additionally, effort will need to be dedicated to maintaining certifications through innovative recruiting and hiring strategies.

Their employees, partners, and subcontractors all have connections and ideas that could help the business grow. Their job is to communicate the strategy of the business, put tools in

their hands to take advantage of marketing opportunities, and empower them to negotiate new work. This approach, instead of holding the marketing functions close to their chest, will be a more successful strategy.

Mitigate

Insufficient capital to grow will be the most limiting factor in the next few years so they can begin to address this issue now, instead of when they really need the money. Their mitigation plan will be to work on a long-term growth plan and associated budget projections and develop a relationship with a bank that will support their goals.

The second most limiting factor is their personal and professional skills. It is important to clearly identify and prioritize what skills they need to run a \$5 million business. An honest self assessment will reveal some of their gaps and they can seek out workshops and classes to address these. Associating with a network of entrepreneurs with similar businesses will also be valuable. It is important to build a peer network with people who run \$5 million businesses.