



Episode 24 - Four Reasons A Small Business Is A Stupid Business

An aggressive statement, I know. But I hope it has caused you to question yourself, as we all should. Beyond questioning your goals and methods, you need to be questioning your motivation and energy behind your goals. And that's where the idea of small creeps in.

Common Excuses From Business Leaders To Keep Things Small

"Keep it small, keep it all, as far as profit goes" - we can have a more profitable business because we have fewer people to manage.

"Fire everyone, sell by myself and make more money."

"I don't want to have a big business because it's too many people to manage."

"I don't want a big business because I'll have no personal life" - The most popular one. The misconception that you can't have a big business and a big personal life.

"A bigger business equals more problems" - more taxes, headaches and drama.

Four Reasons Why A Small Business Is A Stupid Business

You can define small however you want and define big however you want. What I'm attacking is not wanting your business to get bigger because of any of the above reasons. It's not about what the goals are, it's about the mindset and energy behind them.

1. Small is dangerous - This goes against the thought of "keep it small, keep it all" and "it's more profitable for me to stay smaller." When it's about running a business, there's this natural point... Some call it the "messy middle."

They call it that because of how it shows up. You've made money and your sales are working. You're growing rather fast and you naturally begin to hire, grow more products and services, or you expand and get a bigger geography.

Your expenses start to increase faster than the returns... almost always. You are at a place where you start to sell more and you make less.

If you've hired wisely and you've chosen the right product and services, then you'll be fine.

They'll return well over their cost eventually.

Most of us don't have much experience in hiring or making strategic business decisions in that growth. So we get stuck in this place.

There's this instinct of pulling all that back to keep it small and keep it all.

The truth is it was just the wrong decision. The wrong hire, wrong location or right time but wrong place.

The issue is not that growth is bad. The issue is the poor decisions. The strategy behind it is bad.

What do you do? You get a business consultant ASAP. Call me. Call for our services.

You can't afford it? You can't afford not to. It will save you everything.

“The danger of non-strategic growth is when there is a market shift, you end up not being able to withstand the storm because you haven't grown strategically.” - Seth Campbell

Small is not better, it's worse. It's dangerous.

The smaller you are, the less chance you have of making it through the major market shifts.

2. Small is harder - We inadvertently believe that more employees are harder to manage than a small group, and we sometimes believe that more payroll is more stressful.

The truth is... It's actually easier.

When you have a bigger business, you have more cash to have more people. When you study the largest businesses in the world, you'll see that the leader only has between 3 and 7 people reporting directly to them and they manage the rest.

It's a no-brainer!

If something happens to your small workforce - multiple people are sick, vacations, one or more people leave in a short amount of time.

Guess what?

You're taking that job back onto yourself.

Small is harder. You're less maneuverable, you can stand fewer markets shifts. You don't have the opportunity to grow that you need to.

3. Small consumes more time - We inadvertently believe that a bigger business means sacrificing personal and family time.

To be clear, the journey to being big typically has the sacrifice of extra free time for a few years.

I can assure you though that there's still enough time to enjoy the life you love. There's still enough time for the personal things.

“Time is simply an investment. It's the same as money. You've got two things that you invest, minutes and money. You have to put it in the right place for quantitative return on investments.” - Seth Campbell

Have you ever heard the expression that money is just a magnifier of your values? So money in the wrong hands will be wasted and in the right hands, it will multiply.

“It's not about the money, it's about whose hands it's in. It's not about the time, it's about where you put it. Time in the wrong hands will be squandered and in the right hands will multiply.” - Seth Campbell

Big business always gives the leader more time and more freedom as long as you're effectively managing what you spend your time on.

4. Small produces more problems - A lot of times we think big businesses come with big issues like lawsuits, drama, people to fire, etc.

Think about it, how do you handle some issues if you're few? If you have to fire somebody and there's no replacement, that's tough.

The list of high-stress moments in business is long. That's not going to change. But there are just a few things a lot of money can't change from lawsuits to a replacement, cultural issues, and even market shifts.

But if you don't have enough cash, any of those things could be a big blow. What large companies can tackle, small businesses may not.

“Small business may not produce more problems as a total count versus a bigger business, but small businesses produce infinitely more problems for the leader than a big business ever will.” - Seth Campbell

Fear, Your Greatest Restraint

Overall, check the energy powering the belief you have about small businesses. Your belief may be powered by fear.

“Fear is the single greatest restraint of you living the life you were meant to live, being the leader you were designed to be, having the freedom you were born to create.” - Seth Campbell

Fear at its root is selfish. Consider the motivation that keeps it small, that's about you avoiding your fears, discomfort and the unknown.

Your fears are the ceiling for way more lives than yours. You hold everyone back just from being scared.

Big is your destiny. Big is your impact on many lives and generations.

It doesn't matter how big you get, the point is to be the absolute best you can be.

Walk fearlessly, putting it all out there and multiply your talent.

Discussion Guide:

Here are some easy questions to help push you out of the “small business mindset.”

1. What is the motivation or energy behind wanting your business or organization to remain small?

2. Do you or your organization relate to any (if not all) of the four reasons why a small business is a stupid business?

3. For you to scale from small business to big business, you need to confront and overcome fear. What are the fears you need to address to scale your business?

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