
How to grow your business at the right pace

It is possible to grow your business too quickly, it's called overtrading and it can be dangerous.

Managing growth can be tricky, requiring a careful balancing between meeting customers' orders on the one hand, and not over-stretching the resources and ability of the business to meet these orders on the other.

This constant balancing act is at the heart of a key risk for many businesses – the risk of overtrading – or the ability of a business to safely finance customer orders, before these orders are paid for by customers, without running out of the cash that the business needs day-to-day.

It's often a particular dilemma for start-up and high growth businesses – finding the cash to fund business expansion, before being paid by your new customers. Even long-established businesses can be affected by over-trading. So all businesses should be aware of the risk and take active steps to prevent it. Luckily, there is a wide range of practical steps and actions that can be taken to manage business growth safely and avoid the risk of overtrading.