

The Risky Side of Success

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For everything that goes wrong, there is always an opportunity hidden within it. Likewise, we face similar challenges when success comes to us, and we refuse to acknowledge that it has its pitfalls too. I am not saying you need to be negative and not enjoy the success. That would be a miserable existence. But success has its challenges too, and if you ignore those challenges, that success can quickly disappear.

There is a common phrase used in business studies called “growing broke”. Simply put, in such circumstances a firm has a product that is in such demand that they can’t produce enough, so they borrow money to build more capacity to increase production. Continued growth in demand is met with continued borrowing for capacity expansions, but the margins of return on the product don’t grow as quickly as the payments on the borrowing do. Eventually the firm, despite having a great product that is in high demand, goes broke. Hence the term, “growing broke”. Many firms now realize their best success is achieved through managed growth, not simply by taking any sales they can get.

Communities are no different. I often speak of communities that have challenges with attracting growth, but there are many communities that have challenges with managing the tremendous growth that is coming their way too. I am not a fan of NIMBYs (Not In My Back Yard), NOPEs (Not On Planet Earth), CAVE people (Citizens Against Virtually Everything), or BANANAS (Build Absolutely Nothing Anywhere Near Anything), but there is a risk with simply welcoming every single option for growth as well.

Building for the sake of building can undermine some of your community’s inherent strengths and appeal, which may be what attracted people, business, investment, and so on to the community in the first place. It is important to ask yourself what you are and what you want to be as a community, and then go after development and growth that complements that vision, not what is contradictory to it.

The biggest mistake I see communities make in managing growth is to not manage growth at all, but rather take everything that comes their way all at once. Councils in these communities will often approve multiple developments, either all at once or too quickly in succession, overextending capacity in such a way that makes current projects unviable. That leaves a developer with a huge investment in a diluted market. That can have a huge negative impact on the reputation of the community and its ability to attract investment when it is needed again in the future.

Also, it can often happen that the municipality will find themselves in a situation where they suddenly realize their water, sewer, recreation facilities, roads, snow clearing, administration, and a host of other municipal services can’t handle the unchecked growth. In essence, they grow beyond their capacity to deliver. Such a situation is very similar to that of a business that suddenly realizes they do not have the cash flow necessary to build the capacity needed to meet

the incredible demand for their product. Both the business and the municipality literally “grow broke”.

Capturing success and making it work for you, whether in business or in your community, means knowing your limits today, and planning smartly for the future you want to have.

This syndicated content is provided by Doug Griffiths, best-selling author and chief community builder at 13 Ways, a company with a mission to push communities to face their challenges to find their unique path to success. For more information visit www.13ways.ca, or we can start the conversation at info@13ways.ca.