MANAGEMENT OF BUSINESS MANAGERS

The pursuit of rapid growth often costs young IT service companies and consulting firms dearly

Frédéric Le Pennec · 9 December 2024

Rapid growth may seem vital for a young IT service company, but it often leads to risky trade-offs on recruitment, pricing, and management. This article deciphers the causes, practices, and long-lasting consequences of this headlong rush.

Young IT service companies or consulting firms often embark on a frenzied race to achieve rapid growth, attract their first clients, and secure a foothold in the market. But this ambition can come with hidden costs, trade-offs, and sometimes dramatic consequences. What are the reasons driving these companies to want to develop so quickly, what means do they employ to achieve it, and what are the consequences? Let's dissect this dynamic in several stages.

The need for rapid growth

When a young company is founded, it faces immediate financial imperatives. The founders can often delay their own remuneration, but they cannot do the same for the first employees. The salary costs of the first recruiters, business managers, and consultants must be covered, not to mention the costs associated with creating the company itself: equipment, office rental, and external services to avoid administrative errors, such as accounting. In the absence of sufficient cash flow, rapid growth becomes indispensable to keep the company afloat.

frederic.lepennec@coact.fr · +33 6 03 06 05 02 · coact.fr

Moreover, any service company must quickly gain notoriety and credibility to attract talent and convince its first clients. In a sector where size can be perceived as a sign of solidity, it must show that it can stand up to established companies. Every new client signed and every consultant recruited contributes to this visibility, reinforcing the company's legitimacy in the market's eyes.

Actions to accelerate growth

To achieve this ambitious goal, young IT service companies often adopt fast and sometimes risky strategies.

Accelerated recruitment and compromised candidate quality

In the rush, recruitment processes are shortened, and the thorough validation of candidates is often neglected. If a client shows interest in a candidate, they move forward, even if warning signs are present. Sometimes, recruiters and managers wear blinders, refusing to see that the candidate is mediocre, or they think the problem can be dealt with later ("It's a problem for the future me").

Low fee proposals

Faced with well-established competitors, a young and unknown company has few levers to attract its first clients, and fees become the main argument. But once a low rate is accepted, it becomes very difficult to raise it. This low-price strategy can backfire in the medium and long term: clients accustomed to low rates resist increases, and these low rates become a standard value internally for future clients.

Disadvantageous financial conditions imposed by clients

Aware of the need to do business, some clients take advantage of the situation by imposing unfavorable payment terms and contract conditions. This weakens the young company, which accepts these terms to make deals but quickly finds itself with tight cash flow and limited margins.

The immediate consequences of this approach

The choices made to accelerate growth quickly create a series of internal pressures, often borne by the business managers and recruiters.

Increased pressure on business managers and recruiters

To achieve ambitious objectives, business managers and recruiters find themselves with expanding work hours, performance indicators set as untouchable goals, and little to no time for training. They learn "on the job," by observing seniors, but without benefiting from the theoretical and practical support necessary for a solid skills development.

Priority on quantity over quality

The pursuit of making a quick "+1" favors quantitative approaches often neglecting the qualitative dimension. Practices such as the massive "push" of skill folders may then appear and take hold for a long time.

Lack of qualitative follow-up on business and consultants

With the constant pressure to sign new contracts, the monitoring of consultants on assignment and the quality of the services rendered often take a back seat. Consultants, left to their own devices, lack managerial support and feedback, which can deteriorate their engagement and satisfaction in the mission. When asked "who is your manager?", many respond with the name of the client they work for.

Medium-term consequences

These tactical choices to accelerate growth end up generating negative effects that settle permanently in the company.

Tarnished reputation with candidates

By recruiting without rigorous follow-up and neglecting quality, the IT service company eventually loses attractiveness to candidates. They perceive the difference between the image displayed by the company and the reality experienced by current employees who do not hesitate to express themselves on social networks or elsewhere.

High turnover among business managers, recruiters, and consultants

Faced with a gap between the recruitment talk (training, onboarding, follow-up) and reality, employees end up disengaging and seek better opportunities elsewhere. Turnover increases, leading to new recruitment and additional integration costs.

Ease for clients to poach consultants

Low fees are often reflected in the consultants' salaries. Some clients, aware of this reality, do not hesitate to hire them directly, taking advantage of the low-price policy to attract already trained talent by offering better conditions for the same work, with superior contractual benefits.

Vicious cycle of escalation

To compensate for departures and the degradation of reputation, even more contracts must then be signed, and recruitment must be even faster. This reinforces the spiral of compromises and internal pressures, further deteriorating the balance and quality of work.

Conclusion: Growth and positioning, a challenge for young IT service companies and consulting firms

Rapid growth is an expansion lever for many young companies in the consulting world, but it must be managed consistently to avoid long-term undesirable effects. A company's DNA is not defined by promises or slogans but by concrete actions taken on a daily basis. To succeed, the growth strategy must be aligned from the start with quality practices, rigorous consultant follow-up, and client relationship management based on transparency and respect.

The challenge is not to oppose speed and excellence but to find a balance that allows the company to grow while remaining true to its commitments and values.