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L O O P I N S I G H T S

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## Why Your Operating Model Breaks Between \$5M and \$20M

Growth exposes everything. Here are the five pain points every scaling business hits, and why you need a structural fix.

S C A L I N G & G R O W T H · 5 M I N R E A D

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Design. Optimise. Scale.

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# Why Your Operating Model Breaks Between \$5M and \$20M

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There is a stage in every growing business where the thing that made you successful starts to hold you back.

You can usually feel it before you can name it. Decisions that used to take minutes now take weeks. Good people start missing things they would never have missed a year ago. You are stuck in endless meetings. Momentum slows. The founder, who once knew every client and every deal, now finds themselves removed from the detail and with no time to think.

This is not a motivation problem. It is not a talent problem. And despite what most people assume, it is rarely a strategy problem.

**It is an operating model problem. And it almost always shows up between \$5M and \$20M in revenue.**

## What is Actually Happening

The operating model that gets a business to \$5M is built on proximity. Everyone knows everyone. The founder is across everything. Decisions happen in the hallway. Process lives in people's heads. Culture is transmitted by osmosis. It works because the business is small enough for one person to hold it together.

At \$20M, none of that works anymore. The business is too big, too distributed and too complex for tribal knowledge and hallway decisions. But most businesses do not proactively redesign their operating model at this stage. They keep scaling the old one and hope it will stretch.

*Growth does not fix a broken operating model. It amplifies it. The sooner you redesign, the less expensive it becomes.*

## The Five Pain Points

In our experience working with scaling businesses, the same five things break in roughly the same order.

**01 The founder becomes the bottleneck.** Every significant decision still needs them. With the influx of activity, they are now suffocating the growth of the business, rather than fuelling it.

**02 There are no documented processes.** New hires cannot get productive because nothing is written down. Onboarding takes months instead of weeks. Quality becomes inconsistent.

**03 Decision-making slows because no one knows who owns what.** Roles were designed for a smaller business. Accountabilities overlap. Decisions get escalated unnecessarily or stall entirely. No one is clear on their goals and objectives.

**04 You hire great people into a bad structure.** The team grows, but performance does not. New senior hires struggle because the structure around them is not set up to let them succeed.

**05 Culture shifts from scrappy and becomes chaotic.** What felt energising at 20 people feels exhausting at 80. The lack of rhythm, clarity and cadence starts to feel like dysfunction.

If this sounds familiar, you are not alone. This is the most common pattern we see in businesses between \$5M and \$20M, and the businesses that break through it share one thing in common: they stopped trying to scale the old operating model and deliberately designed a new one.

## The Fix Is Structural

The instinct at this stage is to work harder, hire more, or bring in a consultant to run a culture offsite. None of those will solve it.

The real fix is to redesign the operating model for the next stage of the business. That means:

- clarifying structure and accountabilities so no one has to guess who owns what.
- Installing a governance rhythm so decisions happen at the right cadence, not when someone remembers to call a meeting.
- Documenting the core processes that make the business work, so knowledge does not walk out the door when someone resigns.
- Building a performance system that tells you in real time whether the business is on track, not three weeks after the fact.

You are developing a leadership team and system that can run the business without the founder in every room.

None of this is glamorous. All of it is necessary.

## The Question Worth Asking

If you are anywhere between \$5M and \$20M, ask yourself this question, “is the way we operate keeping pace with the business we are becoming?”

### KEY TAKEAWAYS

- 01** The operating model that gets a business to \$5M is built on proximity. It will not work effectively at \$20M. Redesign needs to be deliberate.
- 02** Five pain points show up in roughly the same order: founder bottleneck, no documentation, unclear ownership, great people in bad structures, and culture shift.
- 03** The real fix is structural: clearer accountabilities, a governance rhythm, documented processes, a real performance system, and a leadership team that can run the business without the founder in every room.
- 04** Ask your team the right question: not “are we growing fast enough?” but “is the way we operate keeping pace with the business we are becoming?”

### READY TO CLOSE THE GAP?

If your business is navigating this stage and you want an outside perspective, Loop’s OP3 Diagnostic is a structured three-week assessment that identifies exactly where your operating model is creating drag and what to fix first.

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