BIZSMART RESEARCH · 2026

Scaleup Challenges II

What 300 Founders Taught Us

A BizSmart Research report, in partnership with Smart90

Four years · 305 founder interviews · three million words

smart90.co.uk · biz-smart.co.uk

Introduction

In 2021, BizSmart surveyed over 100 business owners about why 96% of UK businesses never scale beyond nine employees. Then we spent four years finding out, interviewing more than 300 founders who tried, on ScaleUp Radio. Three million words later, this is what the survey couldn't tell us.

The first report asked the questions. This one follows the people who lived the answers.

Since 2021, more than 500 founders, owner-managers, coaches and investors have sat down with ScaleUp Radio in conversations that ran long enough to get past the polished version of events. This report draws on the 305 founder interviews, recorded between 2022 and 2026, that form our three-million-word research archive. In them we heard what actually happened: not what should have happened, not what the books say, but what founders experienced, confessed, regretted and celebrated in their own words.

Some of what they said confirmed what the 2021 survey found. Some of it surprised us. A handful of things, the AI story in particular, were things no survey in 2021 could have anticipated at all.

This report is organised as a then-vs-now conversation between the two bodies of evidence. Each chapter opens with what the 2021 data showed, then sets the four years of founder testimony alongside it. Where they agree, the finding is stronger. Where they diverge, the tension is worth understanding. Where the archive goes somewhere the survey never could, we've let it.

Kevin Brent

Founder, Smart90

Author, The Entrepreneurial ScaleUp System

A Note on the Evidence

Research is only as good as what it admits it cannot do.

The 2021 survey captured what business owners said about their challenges. Surveys are good at breadth, at finding out how common a problem is, but limited at depth. They capture intention and perception; they struggle with the gap between what people say and what they actually do.

The ScaleUp Radio archive addresses that gap, but introduces different limitations. A note on the numbers: ScaleUp Radio has hosted well over 500 founders across 600+ episodes; full transcripts exist for 321 recordings, of which 305 are unique founder interviews. Every count in this report refers to those 305. A three-million-word transcript corpus is rich in detail and texture. It is also, unavoidably, a record only of founders who were available, willing, and still in business at the time of recording. There are no failure post-mortems in 305 interviews. No founder narrates the closure of their business from the inside. Every lesson about failure in these pages is a survivor's account.

Three other limitations travel with every finding in this report:

Survivorship bias is total.

We heard from founders who made it through to tell the story. The challenges they describe are real, but they are the challenges of people who navigated them, not the full population of people who tried.

Two different guest networks.

ScaleUp Radio was co-hosted for part of its history. The primary host's guest pool skews toward businesses with external funding, exits, and national reach. The co-host's pool skews toward local, family-run, and lifestyle businesses. Claims drawn from the full archive reflect both populations; claims drawn from one pool are labelled accordingly.

Attribution tiers.

Every named quote in this report has been verified for wording against the original interview transcript and for attribution by the host who conducted or reviewed the conversation. Quotes that could not be verified to that standard are rendered as reported speech ('one founder described...'), never placed in quotation marks with a named attribution. We hold this line consistently because the credibility of the research depends on it.

One further note on scope. This report focuses on the challenges of scaling a business that is already generating revenue, not on the challenge of finding the first customers. Product-market fit and early-stage acquisition are not its territory, not because they don't matter, but because the founders in the archive had already navigated them. What follows is about what happens next: the harder, quieter work of turning traction into scale.

The combination of survey data and longitudinal interview evidence is, we believe, more useful than either alone. But we have tried throughout to say what each kind of evidence can and cannot support, and to resist the temptation to overstate a finding because it supports a convenient conclusion.

CHAPTER 1

The Delegation Gate

THEN: 2021 SURVEY

56% of surveyed owners said they were 'dragged back into day-to-day operations', the single most-cited challenge across the whole survey. The figure rose to 66% for Steadiness profiles and remained at 50% even for the most driven Dominance types. A further 49% said their business would 'suffer a lot' if they were incapacitated for just three months.

NOW: THE ARCHIVE, 2022–26

The single clearest divide in 305 interviews: between founders who crossed the delegation gate and those who hadn't. Those who crossed it describe it as the unlock: the thing that changed everything. Those who hadn't name it, unprompted, in their own language, as their ceiling.

56%

of founders in 2021 were dragged back into day-to-day operations

The 2021 survey found the founder as the business's own bottleneck to be the most widespread challenge across all size brackets and all personality types. It was not a problem that got better as businesses grew. At £100k to £500k turnover, 75% of founders reported being dragged back in. At £3m to £5m turnover the dependence had changed shape rather than gone: 80% cited getting staff to think and act for themselves as their biggest challenge. The pattern didn't resolve with scale; it matured into a different form of the same problem.

The archive tells us why.

Crossing the delegation gate is not a management technique. It is a psychological shift that most founders have to make against their own instincts. The capability that built the business (the founder's ability to do things well, quickly, and to their own standard) is precisely the capability that prevents the business from operating without them. The same skill that created the value becomes the constraint on it.

Founders who made the transition describe it in almost identical terms: a recognition that they were the problem, followed by a deliberate act of trust, followed by surprise at the result.

> *“I've learned to take my hands off the wheel a little bit. It's been the phenomenal move.”*
>
> FREEDOM DORAN, 22 IMPACT

The archive adds granularity to why the shift is hard. Founders who had not yet crossed the gate name the same internal obstacles: the belief that no-one else will do it as well; the difficulty of watching someone else do something more slowly and less precisely; the sense that delegation feels like giving something away rather than creating something better. One founder running a growing gym put it directly: there are lots of things she could do, but she couldn't do them all at the same time, and she was very guilty of feeling that if she could do it, she should do it herself.

The archive also provides a staging model the survey could not. A sales expert who built a business through three distinct phases described what delegation actually looks like in practice: first the founder does the sales, then the founder leads the sales, then the founder hires a leader to run the sales and steps back entirely. The archive suggests the same logic extends well beyond sales, though the final gate takes different forms: some founders hired leaders, some promoted from within, some systemised the function, and some kept a small core and built an outsourced specialist edge around it. It is not a single moment of letting go; it is a sequence of smaller gates, each one requiring a deliberate act of transfer.

The survey asked whether the problem existed. The archive shows how it resolves, and confirms that for the founders who crossed it, the result was consistently the unlock they had been waiting for.

10%

of surveyed founders said their business would 'hardly suffer at all' if they were absent for three months

That 10% figure defines the ambition precisely: to build a business that runs without you in the room. The archive shows it is achievable, but only for founders who were willing to let go before they felt ready to.

WHERE THIS GOES NEXT The founders who crossed the gate didn't do it on willpower. They did it on rhythm: a system that made the letting-go reviewable, weekly. That's what Smart90 is. **smart90.co.uk/leaders**

CHAPTER 2

The Valleys of Death: A Hypothesis Confirmed

THEN: 2021 SURVEY

The 2021 report introduced the 'valleys of death': recognised stepping stones in scaling a business at roughly 1, 3–5, 8–12, and 20–25 employees, with a dip between each ladder. The model was presented as BizSmart's own framework, built from experience of working with hundreds of owner-managers. It was a hypothesis, not independently validated evidence.

NOW: THE ARCHIVE, 2022–26

Four years later, the model arrived back from directions that had nothing to do with each other, unprompted. Guests used the exact vocabulary. A US sales expert described the same three-phase staging. A COO specialist named the revenue ceilings at roughly \$3m and \$10m. A co-founder of HomeServe described his family office's investment window as precisely the journey from approximately £0.5m to £5m in profit. None of them had seen the 2021 report.

The valleys of death model was the 2021 report's central prediction. It proposed that growth does not happen in a straight line: each step up to a new level of headcount or complexity requires a temporary dip in efficiency, profit, and control before the new capacity beds in. And it warned that many businesses that fail to scale don't fail at the top of a ladder; they fail in the valley between one ladder and the next.

Over four years and 305 interviews, the archive has provided the independent corroboration a hypothesis needs to become a finding.

The most specific evidence came from a COO specialist and integration expert who named the revenue inflection points with precision. Growth hits a ceiling, she explained, at around the \$3m revenue mark, and again at \$10m. At both points, progress slows, the team stops functioning as well as it did, and the founder faces a choice: invest in new capacity or plateau. These are not soft transitions. They are structural breaks in how a business must operate, and getting through them requires deliberate preparation, not just momentum.

> *“Growth hits that ceiling. The \$3 million revenue mark is one, and I think \$10 million is another. Progress is slowing, your team's not functioning as well as it used to.”*
>
> DIANE MENTZER, COO AND INTEGRATION SPECIALIST

The investor perspective arrived from a different angle entirely. A co-founder of HomeServe (one of the UK's most significant SME success stories) described his family office's investment thesis in terms that mapped directly onto the valley model. His preferred entry point is a business that has broken into profitability at around £0.5m profit, which he then aims to support through to approximately £5m. That window is not arbitrary; it corresponds precisely to the transition from the 8–12 employee ladder to the 20–25 employee ladder, precisely the valley the 2021 report warned about.

The staging language also arrived from the ScaleUp Radio archive's own guest community, where several founders used the 'valleys of death' phrase without prompting, language that appears nowhere in the podcast's own materials or the hosts' introductions. One guest applied it specifically to the team-size transitions, describing the dip in performance and the loss of control that comes when a business moves from one headcount bracket to the next.

An investor's money, a specialist's practice, a sales veteran's career, and founders living it: different vantage points, no connection to each other or to us, one consistent model.

The practical implication is the same as the 2021 report stated: the valley between ladders is not a sign that something has gone wrong. It is a structural feature of scaling. Founders who know it is coming can plan for it. Those who don't tend to interpret the dip as failure, and retreat.

What the archive adds is a consistent answer to how founders get through the valley. The answer is not speed. It is building the infrastructure for the next level before you try to climb to it. The valley is the investment period: the time when the systems, the people, and the processes needed to operate at the next size have to be put in place. Founders who try to skip that investment by maintaining momentum tend to arrive at the next ladder without the foundations to stand on it.

Ocean King is the clearest example in the archive. When the opportunity came to grow rapidly, the founding team made a deliberate decision to hold back. They delayed expansion until the systems, the middle management layer, and the operating processes were properly in place. From the outside it looked slow. From the inside it was disciplined. When they did scale, they scaled into something solid. The finding is not about which systems to build (that depends entirely on the business). It is about the timing: build before you scale, not while you are trying to.

Confirmed

The 2021 hypothesis, described back to us unprompted by people with no connection to each other or to the original report: investors, specialists, and founders living it

WHERE THIS GOES NEXT If you're in a valley, the work is building the next level's foundations before you climb. That's a quarter's work, and it starts with a half-day. **smart90.co.uk/summit**

CHAPTER 3

The Scalable 7%: Recurring Revenue as the Dividing Line

THEN: 2021 SURVEY

Only 7% of surveyed businesses had a truly scalable model, defined as having 25%+ of sales based on recurring revenue, low reliance on the business owner, the ability to handle five times the current volume, and a genuine competitive advantage. 79% believed they had a USP. Just 34% had an actual competitive advantage. The gap between belief and reality was 45 percentage points.

NOW: THE ARCHIVE, 2022–26

In the archive, recurring revenue is the consistent dividing line between founders who talk about growth and founders who talk about cash anxiety. The founders who engineered it describe its strategic logic explicitly: it is not just about income; it is about the confidence to invest. The founders who didn't engineer it describe the alternative: lending their own company money between projects, never knowing what next month looks like.

7%

of surveyed businesses in 2021 had a truly scalable model

The 7% figure established that the vast majority of businesses operating at seven figures had not yet built anything that could be meaningfully separated from its founder's personal involvement. They had built a job, not a business. Or at best, a business that happened to employ some people.

The archive illuminates why this number is so stubborn, and how the businesses that escape it actually do so.

The pattern in 305 interviews is consistent: the founders who built genuinely scalable models engineered recurring revenue as a deliberate strategic decision, not as a by-product of growth. They moved from project-by-project income to retained relationships, managed services, subscription models, or long-term contracts, and they did so at a stage when the temptation was still to take any work available.

One technology business described converting from 40 to 60 ad-hoc clients to approximately eight retained core relationships, growing entirely by growing those existing clients rather than continuously acquiring new ones. The model was less profitable per client in the short term. The owner described it as very dependable, and noted that it gave the business the confidence to make investment decisions. The trade appears to have paid back beyond dependability: growing eight core relationships proved a stronger engine than constantly replacing ad-hoc work, and the restructure set up the profitability that followed.

> *“The managed-service side is a little bit less profitable. But it's very dependable, and it gives us the confidence to make decisions about where we want to invest.”*
>
> STEVE MASON, NOVA BLUE TECHNOLOGIES

That phrase, the confidence to invest, is the strategic logic the 2021 survey couldn't surface. Recurring revenue does more than smooth cash flow: it changes what a founder is willing to do. A business living project to project cannot commit to hiring ahead of demand, investing in systems, or taking on a lease. A business with 18 months of contracted revenue can do all three.

The anti-case is equally instructive. One founder, running a media production business, described the experience of his company paying him some months and him lending the company money in others. He had built a capable business. He had not built a stable one. The difference was the model, not the quality of the work.

The 2021 definition of a scalable model (25%+ recurring revenue, low owner-reliance, capacity to handle 5x volume, genuine competitive advantage) remains the right test. What the archive adds is the testimony of founders who built toward it, and confirms that the journey requires a deliberate decision to sacrifice short-term revenue optionality for long-term structural stability.

One founder's summary of the destination is perhaps the most direct expression of what the 7% actually looks like from the inside: doubling revenue while working with fewer clients.

CHAPTER 4

The Niche Paradox: Going Narrow to Grow

THEN: 2021 SURVEY

The 2021 survey found that 53% of business owners don't have a clear strategy that works toward scalability and growth. A further 42% believed they had a USP that wasn't translating into an actual competitive advantage in the market. The report identified the problem precisely: the gap between perceived and real differentiation was measured, not assumed. What it couldn't offer was a mechanism. A survey cannot follow a founder into the conversation where the insight that changes their strategy finally arrives.

NOW: THE ARCHIVE, 2022–26

The archive can. Across 36 independent conversations spanning four years, the single most repeated strategy move that preceded genuine differentiation was the same: the founder went narrower. Cut the client list. Repositioned into a more specific market. Turned away work that no longer fitted. In almost every case, it felt like shrinking. In almost every case, it wasn't. Thirty-six conversations may sound like a minority of 305, but the honest comparison is not against every interview: most conversations never touch repositioning at all. Against the themes that do recur, narrowing stands alone. No other strategy move comes close, and not one of the 36 was prompted. It is the archive's most consistent Strategy finding.

Go narrower

the single most repeated strategy move on four years of tape, surfacing independently, again and again

The 2021 finding on competitive advantage was an uncomfortable one: most business owners who believed they had a genuine USP didn't. The belief and the reality were separated by 45 percentage points. The survey could name the gap. It couldn't explain what the businesses that had closed it actually did differently.

Across 36 conversations over four years, the finding is counterintuitive: the founders who built genuine competitive advantage almost universally did it by serving fewer people, more specifically.

The clearest example in the archive is a recruitment business that had served multiple sectors throughout its growth. Its founder made a deliberate decision never to diversify beyond its original specialism. At the time, it felt like a constraint. The business reached £35 million in annual revenue. The specialism was not the ceiling. It was the foundation.

A financial services business built its entire model around a single, overlooked licensing niche within a major software vendor's ecosystem (Microsoft licensing) and became the recognised authority in that space globally. A travel business already operating in a niche sector went further still, repositioning around a specific type of destination manager relationship that no competitor was focused on. A talent agency made a deliberate decision to remove clients that no longer fitted its positioning, accepting short-term revenue loss to strengthen long-term identity. In each case, the decision looked from the outside like contraction. From the inside, it was clarification.

The internal resistance before these decisions was consistent across all four: the feeling that narrowing the offer means leaving money on the table. The fear that a smaller addressable market means a smaller business. The instinct to keep all options open in case the core market shifts. The archive is nearly unanimous: that instinct is wrong at the stage where most founders apply it. Early optionality, before product-market fit, is valuable. Optionality at the point where a business needs to build a reputation, where referrals and authority compound, becomes a drag.

> *“Sometimes your niche finds you rather than the other way around.”*
>
> DOUG BETTS, SURE BETTS HR

That observation usefully complicates the standard 'pick your niche' advice. Several founders describe arriving at their specialist position not through strategic planning but through pattern recognition: noticing which clients they served best, which problems they solved most elegantly, which introductions led to the most referrals. The niche was already present in the data of their existing business. They stopped ignoring it. One founder in the travel sector described the process not as a choice but as an acknowledgement: the market had already told them what they were best at. They finally listened.

The archive does contain a counterweight worth including. Not every niche scales. One founder, who built a genuinely differentiated business in a specific market segment, observed that scaling a niche is sometimes really difficult. The very specificity that creates competitive advantage can also cap the available market. The honest version of the finding is not 'niche always wins.' It is 'niche creates the conditions for advantage, and advantage, once built, can sometimes be extended into adjacent markets from a position of strength rather than undifferentiation.'

The 2021 report found the problem. The 36-episode archive finding gives it a mechanism. Go narrower before you go further. Know who you will not serve before you decide who you will. The businesses that closed the USP-to-advantage gap almost always did it the same way: they chose.

WHERE THIS GOES NEXT Every founder in this chapter needed someone outside the business to see what the business already knew. That's what BizSmart's peer boards are for. **bizsmart.co.uk/how-we-help**

CHAPTER 5

Cash: Learned the Hard Way, Once

THEN: 2021 SURVEY

30% of surveyed businesses in the £100k–£500k bracket cited unstable cashflow. 25% didn't use monthly management accounts to inform financial decisions. And the most paradoxical finding in the whole survey: only 7% of businesses in Rapid Expansion Mode cited cashflow as a key challenge, despite being the businesses most exposed to it. 32% would report a loss or sub-5% net profit if paying themselves a market-rate director's salary.

NOW: THE ARCHIVE, 2022–26

Almost nobody in the archive got cash right first time. The lessons are consistent across 19 episodes: run without pipeline visibility for too long, scale too fast before the revenue is certain, and the business runs out of cash before the founder understands what happened. The 7% paradox, expansion-mode businesses ignoring cash, is precisely the failure the archive's casualties describe from the inside.

32%

of surveyed businesses would report a loss or sub-5% net profit if the director were paid a market-rate salary

The 2021 survey identified cashflow as a challenge that business owners systematically underestimated, particularly at the moments when they were most exposed to it. The expansion-mode paradox, that the fastest-growing businesses were least likely to flag cashflow as a problem, wasn't evidence that cash ceased to be an issue at scale. It was evidence that founders in growth mode were not looking at cash until it was too late.

The archive confirms this pattern with the specificity that survey data cannot provide.

One story carries the cash lesson whole. A founder raised over a million pounds to launch an ultra-luxury cruise line, sold his first cruise, and then watched Lehman Brothers collapse within ten weeks. Within six months, the business was running out of cash despite having paying customers. The speed at which a well-funded, product-market-fit business can move from confident to critical is the lesson the 2021 paradox hints at and the archive makes concrete.

> *"Within 10 weeks Lehman Brothers had gone under. Within six months we were running out of cash."*
>
> JAMES COLE, PANACHE CRUISES

The most common confession in the archive's Cash material is not dramatic. It is mundane: founders running years without meaningful visibility of their pipeline or cash position, then fixing it after a scare and wishing they had done so sooner. One founder described years of operating with no visual oversight and no intelligence at all. He called it the biggest thing he wished he'd done sooner. Another described scaling his business so quickly that before he knew it, the company ran out of cash.

The 2021 finding that 32% of businesses would report a loss at market-rate director salaries gains even greater significance in the archive's context. Multiple founders describe the moment of realising that the profit they believed they were making was underwritten by their own underpayment. The business looked profitable because the founder was subsidising it. When growth required hiring senior people at market rates, the illusion dissolved.

The archive also shows the recovery pattern: what founders did after the cash lesson. Almost universally: monthly management accounts, pipeline visibility, a defined cash reserve target, and a CFO or finance director brought in earlier than felt necessary. The lesson was expensive. It was also, in almost every case, learned only once.

One business, ART Hospitality, offers the clearest example of cash as strategy rather than constraint. Facing the downturn of 2022–23, the founder made a deliberate decision: conserve cash, rebuild systems, do not expand until the foundation is solid. Choosing not to grow when growth is available: that discipline is the cash lesson at its most demanding.

The archive shows what the 7% paradox from 2021 looks like in practice: scaling without looking.

WHERE THIS GOES NEXT Almost every founder here fixed cash the same way: visibility, rhythm, reserve. Smart90's Cash pillar is that fix, systematised. **smart90.co.uk/leaders**

CHAPTER 6

Still Measuring the Wrong Things

THEN: 2021 SURVEY

43% of the top five KPIs reported by surveyed businesses were financial. Just 4% related to staff engagement and people; only 10% to customer satisfaction. 89% of all reported indicators were lagging: measuring results after they occurred rather than the behaviours that create them. The 2021 report concluded: 'we don't focus enough on measuring the behaviours that will lead to the results we want.'

NOW: THE ARCHIVE, 2022–26

The archive shows founders discovering this live, often after a specific event that made the cost of lagging indicators visible. The vanity-metrics confession appears across multiple industries: turnover as the headline number, profit as the afterthought. The lead-vs-lag conversion happens, consistently, after a near-miss. And the most counterintuitive data point: one founder who removed activity KPIs entirely ('treat people like adults') and kept one output metric. He built a high-performing team.

89%

of all KPIs reported in 2021 were lagging indicators: measuring results, not the behaviours that drive them

The 2021 finding on KPIs was one of the report's most practically actionable: businesses were overwhelmingly measuring outcomes (revenue, profit, orders) and almost entirely ignoring the inputs that create those outcomes (team engagement, customer satisfaction, pipeline quality, retention rates). The consequence is a business that only discovers problems after they have already cost something.

The archive adds texture to why this happens, and shows that it does change.

The most common version of the vanity-metrics confession in 305 interviews is the founder who built a business to seven figures of turnover and then discovered, upon rigorous examination, that the profit margin was minimal or illusory. One founder was direct: turnover is just a vanity thing. You can turn over a million pounds and only have a profit of one pound. She had learned this, as most founders do, by living it.

> *“Turnover is just a vanity thing. You can turn over a million pound and only have a profit of one pound.”*
>
> LUCIE GRECH, CYPRESS QUAY

The lead-vs-lag conversion appears in the archive as a triggered learning event rather than a planned process improvement. A founder who built a data consultancy described the journey from tracking revenue (lagging) to tracking what she called lead indicators (the behaviours and activities that tend to produce revenue) and the conceptual difficulty involved. Even defining a customer turned out to be a hard question. Was it someone who bought once? Someone with a contract? Someone who had bought in the last 12 months? The metric only becomes useful when the definition is precise.

The counterpoint that the 2021 data couldn't surface is the case for fewer metrics, not more. One founder removed activity-based KPIs from his team entirely. His reasoning was direct: people should be trusted to manage their own activity, and measuring it creates gaming rather than performance. He kept one output metric per person (the thing that actually mattered) and found that performance improved. The 89% lagging-indicators finding is a problem; it is not solved by adding 89 leading indicators. The discipline is choosing the one or two that actually predict the outcome you care about.

This chapter's archive material doesn't add a new finding so much as confirm the 2021 one: the call to focus on measuring behaviours rather than results remains unheeded by most businesses. The founders who got this right are a minority, and they all describe the same process: a period of measuring the wrong things, a crisis or near-miss that revealed the cost, and a deliberate reconstruction of what they chose to track.

CHAPTER 7

The AI Arc: What No Survey Could Have Predicted

THEN: 2021 SURVEY

The word 'AI' does not appear in the 2021 Scaleup Challenges report. Not once. This is not an oversight; it reflects the state of the conversation in early 2021, when AI was not yet part of the mainstream SME owner's vocabulary or concern. The survey asked the right questions for 2021. This chapter records what happened in the four years that followed.

NOW: THE ARCHIVE, 2022–26

ScaleUp Radio caught AI arriving in real UK small businesses, year by year, from 2023 to 2026. 18 interviews. Four distinct phases. Authenticity anxiety, then adoption and resistance in parallel, then AI as a product substrate, then differentiation from it. It is the only longitudinal record of its kind: four years of primary evidence from the founders who were navigating it in real time.

The first thing to say about this chapter is that it exists at all. Nothing in the 2021 survey anticipated it. No question asked about automation, artificial intelligence, or digital transformation in the terms that would become relevant by 2023. The survey captured its moment accurately; it could not see what was coming.

The four-year arc that ScaleUp Radio recorded is the closest thing to a real-time longitudinal study of AI adoption in UK SMEs that currently exists. It is not definitive. The guest pool has selection biases, and the conversations were shaped by the hosts' questions as much as the guests' experiences. But it is primary evidence across time, from founders who were building businesses through it, and it tells a coherent story.

2023: Anxiety

The first AI conversations on ScaleUp Radio in 2023 were about authenticity. Founders who were using AI tools for content creation, proposal writing, and customer communication worried about what it said about their brand. Was it dishonest to use AI? Would clients know? Would it damage the relationship if they did? The question of whether to use AI was still live, but even then, the direction of travel was clear. No founder who tried it went back.

2024: The split

By 2024 the archive records two distinct positions developing simultaneously, and both were working. One founder had integrated AI into every step of her production process: scripting, editing, client communication, scheduling. Her business was more efficient than it had ever been. Another founder built her entire brand identity on being the opposite: handcrafted, human, AI-free. Her positioning was specifically designed to appeal to clients who were suspicious of automated output. Both strategies were commercially successful in 2024. The market had room for both.

Also in 2024, a voice of scepticism appeared that proved durable. One marketing consultant told his clients, and the ScaleUp Radio audience, that AI was not the panacea. It would not solve strategy problems. It would not replace human judgment on what actually mattered to customers. It was a tool, not a transformation.

2025: AI as product

The 2025 conversations shifted toward AI as a substrate rather than a tool, with companies building products on top of AI models rather than just using AI to do existing tasks faster. A cybersecurity business described fighting AI-generated scams with AI detection. The ethics language matured in this period: multiple founders in 2025 expressed versions of the same position: AI should handle the processing, but a human should always be in the final decision.

> *"The final say always needs to be a human. We are human. Jobs are for human."*
>
> LILIA STOYANOV, TRANSFORMIFY

2026: Differentiation

By 2026 the conversations had moved again. The question is no longer whether to use AI, but how to use it in ways that create durable advantage rather than easily replicated efficiency. One founder described the challenge facing AI automation agencies in terms that captured the moment precisely: imitators were feeding AI's output back into AI and expecting nourishment: AI drinking its own sweat, in his phrase. Everyone has access to the same models, so a product that is nothing but the model has nothing of its own. The advantage comes from the human expertise applied on top, not from the model itself.

A coaching business described converting her entire intellectual property into an AI-accessible tool library, making her methodology available at scale through AI while retaining the high-value human relationship for clients who wanted it. The human-plus-AI model was the commercial sweet spot: accessible and scalable on one level, irreplaceable and premium on another.

Automate the invisible, hand-craft the visible, keep a human in the final decision: this is not a framework imposed on the evidence. It is the pattern the evidence produced, across four years, from 18 independent conversations.

The 2021 report couldn't ask about AI. The 2026 report cannot ignore it. What sits between those two facts is the most distinctive thing this archive contains.

WHERE THIS GOES NEXT The AI arc hasn't stopped moving. The ScaleUp Club tracks it monthly: real tools, real small businesses, no hype. **smart90.co.uk/club**

CHAPTER 8

The Deliberately Small: Honouring the Dissenters

THEN: 2021 SURVEY

Buried in the 2021 survey's open-ended responses: a single anonymous comment that didn't fit the report's main narrative: 'I think a lot of business owners think they want to scale up, or think they somehow should scale up, but actually don't really question why, and perhaps their current model, although small, is the right one for them. They may survive much longer if they looked at slow and steady growth as a model, rather than scale up.' The report noted it but did not build on it.

NOW: THE ARCHIVE, 2022–26

The archive proved that respondent right. A meaningful strand of ScaleUp Radio guests built their businesses to a deliberate size and stopped: not from failure, not from lack of ambition, but from a clear-eyed assessment of what growth would cost them. They are among the most content voices in 300 conversations. Their presence in the archive argues that 'scaleup' should be a choice, not an assumption.

This is the chapter the 2021 survey didn't have room to write. It is also the chapter that argues, on the basis of the evidence, against the founding premise of both reports.

Not every founder should scale up.

This is not a consolation prize for businesses that tried and failed to grow. It is a description of a set of founders who made an explicit, considered decision to build a business to a size they could manage, enjoy, and sustain, and who are, by their own account, better off for it.

The archive contains multiple versions of this story. A franchise business built entirely to enable the founder's lifestyle, with franchising chosen not for growth but for the freedom it created. A recruitment business that reached a size where the founder knew everyone and their customers personally, and chose to stay there rather than risk the culture that made the business distinctive. A hospitality business that described being 'careful not to outgrow ourselves' as a deliberate quality-preservation strategy, not a limitation.

In each case, the founder had considered scaling further. In each case, the decision not to was made on the basis of what they would have to give up: proximity to the work, quality of delivery, the kind of business they had set out to build. The choice was available. They declined it.

The anonymous 2021 respondent identified something real: the social and cultural pressure to scale, to grow, to reach the next milestone, can obscure the question of whether scaling is actually what the business owner wants. The survey framed every challenge as a barrier to overcome. The archive contains founders for whom the 'barrier' was not a barrier at all; it was a boundary they had chosen.

This chapter is not an argument against scaling. It is an argument for clarity about the choice. The founders in the archive who scaled successfully were, almost without exception, founders who wanted to scale, who had made a conscious decision that growth was worth what it would cost them. The founders who struggled most were often those who scaled because it seemed like what they were supposed to do.

The deliberately small founder is not a failed scaleup. They represent a different kind of success, one the scaleup ecosystem rarely celebrates and that the 2021 survey data could not surface. The archive can.

> *“Perhaps their current model, although small, is the right one for them.”*
>
> ANONYMOUS RESPONDENT, SCALEUP CHALLENGES SURVEY, 2021

CHAPTER 9

What Separates Those Who Scale

THEN: 2021 SURVEY

The 2021 report ended with two separators: working to a proven system rather than drifting into growth, and peer-to-peer working, citing the Dun & Bradstreet evidence that owners who participate in peer-to-peer working on a consistent basis are likely to outperform those who don't by at least a factor of two. Both were conclusions drawn from the survey data and from BizSmart's experience of working with hundreds of owner-managers.

NOW: THE ARCHIVE, 2022–26

Both arrived back from the archive, unprompted. 'Nobody scales alone' is the most consistent People finding across 21 episodes: founders crediting mentors, coaches, and peer groups as the unlock that changed their trajectory. One of the clearest examples is a founder who discovered, through a peer conversation, that a partial founder buyout was a structure that existed. She had not known it was possible. The insight didn't come from a lawyer, an accountant, or a business book. It came from another founder in a peer setting who had been through it. That is the specific value of the peer room: not more information of the kind you can find online, but access to the lived experience of someone who has already stood where you are.

The 2021 report's conclusion identified two things. Four years of founder conversations confirmed both, and added the texture of why they work.

The system

Every founder in the archive who winged it wished they hadn't. Every founder who planned had to adapt. The tension between the two is not a real tension: the evidence is unambiguous that planning lightly and revising constantly outperforms both rigid adherence to an original plan and operating without one at all. If the archive's execution findings compress into four words, they are these: plan lightly, revise constantly.

The archive shows what 'a proven system' actually means in practice. It is not a complex methodology. It is, in almost every case, a cadence: a regular rhythm of looking at what matters most, deciding what to focus on, and checking whether focus is being maintained. Multiple guests described finding this rhythm independently, in different industries, in different decades. One guest, without having heard of any planning framework, described his quarterly process in terms that matched the 90-day execution cycle almost exactly.

The plan-vs-wing-it false tension resolves, in the archive, into a single consistent finding: the founders who scaled well were the ones who developed a reliable rhythm of priority-setting and accountability. The specific methodology mattered less than the consistency of the practice.

The peers

The peer-to-peer finding from 2021 arrives back from the archive with stronger evidence than the Dun & Bradstreet citation alone could provide. Founder after founder, across different industries, different size brackets, different host pools, credits an outside perspective as the thing that changed their trajectory. Not more information. Not better strategy. An outside perspective.

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through it. That is the specific value of the peer room: not more information of the kind you can find online, but access to the lived experience of someone who has already stood where you are.

The mentor and peer theme runs through 21 episodes. In each case, the pattern is the same: not someone who told the founder what to do, but someone who reflected back what the founder couldn't see from inside their own situation. One founder described his mentor unlocking the USP that was already in his own head, something he had been unable to articulate clearly until someone else named it.

> *"Getting mentors and investing in mentors: I knew I had to look at myself first."*
>
> ABID JAFRI, AJ SPORTS

The 2021 conclusion proposed that peer-to-peer working was one of two things that separated those who scaled from those who didn't. The archive cannot prove causation. But across 305 interviews, the founders who describe their scaling journey as successful almost always describe a relationship (a mentor, a coach, a peer group, a trusted advisor) that played a role they couldn't have played for themselves. And the founders who describe getting stuck describe, with equal consistency, the absence of that outside perspective until it was too late to use it.

The campfire image in the 2021 report was chosen deliberately: people gather around a fire to share what they know, to see by the same light, to keep each other warm. The archive confirms the metaphor. Nobody scales alone.

CONCLUSION

Where the Evidence Points

The 2021 survey found a problem. Four years of founder conversations found the pattern inside it.

The challenges that prevent businesses from scaling have not changed between 2021 and 2026. The delegation gate, the valley between ladders, the gap between believing you have a competitive advantage and actually having one (and the archive's most consistent answer to closing it: go narrower before you go further), the missing recurring revenue that separates founders who talk about growth from founders who talk about cash anxiety, the cash blind spot in expansion mode, the lagging-indicator trap: all of these were present in the survey data. All of them were confirmed, deepened, and made more concrete by the archive.

The archive also shows how the findings connect. Narrowing strengthens differentiation. Differentiation creates real competitive advantage. Advantage creates the power to hold prices and to introduce recurring revenue. Recurring revenue creates stability, predictability, and healthier margins, which improve cash, which funds the confidence to invest ahead of demand. And a narrower business is a simpler business, which makes the delegation gate easier to cross, because there is less to hand over and less to hold in one head. None of this was designed as a sequence. It is the chain the successful founders' stories keep tracing, one link enabling the next, held together by a rhythm of planning lightly and revising constantly.

What changed is our understanding of why the problems persist, and what the resolution actually looks like from the inside. The archive is not a collection of advice. It is a record of what founders experienced: what they did, what they wished they had done differently, and what they would tell the person who is where they were five years ago.

The consistently confirmed answer to that last question has two parts. Work to a system, a reliable rhythm of priority-setting, execution, and accountability, rather than drifting into whatever the week demands. And don't do it alone.

The 305 founders in this archive did not scale their businesses by being more talented or more driven than the founders who didn't. They scaled because, at the critical moments, they had the clarity to know what mattered and the humility to ask for help.

Where to go from here

Two things separate those who scale.

A reliable rhythm of setting priorities and being held to them, together with the outside perspective of people who have stood where you are. Smart90 is built on both.

The G90 Summit

A structured half-day, each quarter, to get clear on what actually matters.

smart90.co.uk/summit

ScaleUp Radio

The full archive of 300+ founder conversations is available at smart90.co.uk/scaleup-radio

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