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Developing a strategy for scaling and developing small businesses in conditions of economic crises

In conditions of market instability and frequent economic changes, traditional models of small business growth are becoming ineffective. Resource constraints and high vulnerability to external factors force entrepreneurs to seek new approaches to scaling, which are based not on quantitative expansion, but on flexibility, digitalization, innovation, and optimization of internal processes. This issue is of particular relevance for Ukrainian small and medium-sized enterprises, which are forced to function under martial law, combining signs of not only a deep economic crisis but also a security crisis. [3]

An effective scaling strategy during a crisis period should be based on three key vectors:

1. Digital Transformation and Automation. Transitioning to cloud technologies and implementing CRM systems allows small businesses to reduce operating costs and ensure team mobility. As the experience of leading IT companies shows, automating routine tasks frees up resources for strategic planning. In times of crisis, digitalization becomes a survival tool. [1] It allows for the control of every unit of expenditure, real-time analysis of client behavior, and ensures uninterrupted business operations regardless of the physical location of the office or personnel.
2. Diversification of Markets and Sales Channels. Scaling during a local crisis is impossible without entering foreign markets or mastering new niches. Using marketplaces and digital marketing allows for the mitigation of risks associated with falling demand in one region by leveraging another. An important aspect is the transition from a "single product" strategy to the formation of a flexible product line that meets current consumer needs. [2]
3. Flexibility of Organizational Structure. Small businesses have a significant advantage over large ones in the speed of decision-making. Strategy development should provide for possible scenarios of a "quick rollback" or "course change" without critical capital expenditures for the business entity. This requires the implementation of agile management methods, where the team works by constantly evaluating the effectiveness of the chosen direction and adjusting actions according to market dynamics.

Beyond these vectors, developing a scaling strategy requires rethinking approaches to financial resource management. In crisis periods, capital becomes expensive and difficult to access; therefore, a scaling strategy should be based on the principles of lean manufacturing. [4] This means minimizing costs at all stages of value creation and concentrating on operations that generate direct profit. Scaling such a model occurs in stages, meaning each new growth point must reach self-sufficiency before the next expansion step. [3]

Particular attention should be paid to the marketing component. Traditional advertising campaigns often lose effectiveness in crisis conditions due to shifting consumer priorities. The development strategy should include digital communication tools that provide high levels of personalization. Building a loyal community around the brand becomes a reliable barrier

against new market fluctuations. Customer-centricity allows a business not just to sell a product, but to solve a specific client problem arising from the crisis. [2]

The process of expanding a small business in an unstable environment is accompanied by a number of specific risks:

-Financial risks: inflationary processes, exchange rate fluctuations, and liquidity gaps can halt the scaling process halfway.

-Personnel challenges: a shortage of qualified specialists capable of working under uncertainty requires entrepreneurs to invest in training and staff retention.

-Security and logistical risks: in war conditions, infrastructure destruction and blocked logistical routes require the creation of decentralized supply chains.

In conclusion, a strategy for scaling small businesses during economic crises must focus on internal efficiency, technological advantage, and high speed of adaptation to external challenges. Only the combination of innovative management with a flexible organizational structure will allow a small enterprise not only to maintain its market position but also to transform the crisis into an opportunity for qualitative growth. The future of medium-sized enterprises depends on the ability of entrepreneurs to integrate digital solutions into daily processes and to think globally, even while acting within local constraints.

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