# THE PEOPLE PROBLEM: WHY YOUR BUSINESS CAN'T SCALE

*Advice from ourCHRO - White Paper Series*

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For a business to succeed, it needs to grow. But many leaders find themselves facing a paradox: the very growth they've worked so hard for starts to cause new, unexpected problems. The systems that worked for a small team begin to break down, and the company hits a wall. This isn't a problem of demand or market opportunity; it's a problem of people. Specifically, it's a lack of strong, strategic people systems, which act as the essential foundation for any company's long-term success.

The challenge can show up in one of two ways. For some, it's a **scaling** problem. Their business has found its rhythm and is ready to expand, but its internal people systems are not built for volume. They've grown to this point with what they have, but as they add more people, locations, or complexity, things begin to fall apart. Retention of key employees starts to become a problem, and execution becomes messy. Leaders find themselves spending all their time putting out fires instead of focusing on strategic growth. This company isn't failing because of a lack of customers, but because its core people processes are breaking under pressure. The CEO's reality becomes: "We've grown to this point with what we have, but if we add more, things start falling apart."

Bryan L. Olson
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For other businesses, the issue is more immediate. They're already struggling just to **meet** their current operational and performance expectations because they never had a strong internal system to begin with. These companies are already trying to keep up, but they are undermined by undertrained managers, HR gaps, and constant people issues. Every week brings another problem that pulls leadership away from important work. They cannot deliver reliably on what they have already committed to. The CEO's reality is clear: "We're barely keeping up as it is—every week it's another fire, and nothing runs smoothly."

Both of these challenges are rooted in the same core problem. The business lacks a capable owner for performance, culture, and compliance, leaving an important strategic function to be handled as a series of reactive, one-off problems. The result is a company that cannot operate reliably.

## THE CONSTRAINT OF QUALITY:
### THE COST OF A PATCHWORK APPROACH

A business cannot function well when there is no dedicated, strategic HR ownership. Instead, it relies on a patchwork of support that is not only inconsistent but also incapable of preventing problems before they start. You can see this lack of quality in several leading indicators. For example, executives are still handling basic people issues directly, pulling them away from the high-level work they should be doing. Other times, HR tasks are assigned to administrative or finance staff who do not have the proper training or authority to handle complex situations.

When there's no official, structured process for managing conflict or underperformance, problems are handled differently each time, or worse, they are avoided entirely. Feedback, performance reviews, and goal setting become ad-hoc or are simply ignored. Managers avoid having difficult conversations, allowing small issues to fester and grow into major problems. As a result, employee performance and consistency begin to slip, and more and more employees start escalating their concerns to leadership because they have nowhere else to go. These early signs are all warnings that the business's foundation is cracking.


## THE CONSTRAINT OF COST:
### THE HIDDEN PRICE OF "SAVING MONEY"

Some companies avoid investing in a dedicated HR function, thinking they're saving money. They split HR tasks across office managers, finance staff, or various outsourced vendors. There is no clear accountability structure for performance or culture, and every people-related risk is handled on a case-by-case basis without documentation or a formal process. But this reactive approach actually costs far more in the long run. The true costs are hidden and add up quickly.

Money is spent reactively on re-hiring, legal advice, or temporary solutions to fix problems that should have been prevented. When people issues escalate or repeat, key employees start to disengage or leave quietly. Internal projects slow down or stall because of unresolved team conflicts or low morale. The company is spending money on the symptoms of a deeper problem instead of investing in a system to solve the root causes.


## IT'S TIME

Knowing when to move from a reactive, patchwork approach to a professional, strategic one is crucial for a business's health. The need for a dedicated HR function often becomes apparent through a series of leading indicators, or early warning signs, that signal the current system is no longer sustainable. If you see these signs, it's a clear signal that it's time to bring in professional HR leadership.

**Are you experiencing any of these early warnings signs?**

- CEO/COO managing HR decisions directly
- Roles open for months or constantly backfilled
- Each department does onboarding differently
- Low ramp speed for new employees
- Role confusion, constant escalations
- Underperformance goes unaddressed
- Performance conversations keep getting postponed
- Frequent "HR fires" derail daily focus
- People management is inconsistent across teams
- HR Projects like benefits reviews or organizational planning are always reactive
- Training is cobbled together

## FROM SYMPTOMS TO SOLUTIONS: THE LAGGING INDICATORS

The effects of these constraints are not always immediately obvious, but they eventually show up as lagging indicators that have a direct impact on the business. For example, high employee turnover is a common result. People leave faster than they can be replaced because of unresolved conflict, performance issues, and a lack of support. This breaks down execution and puts a strain on the remaining staff.

Another clear sign is a drop in client or service quality. When internal dysfunction goes unaddressed, it inevitably shows up in how the company delivers its products or services. Customers notice the inconsistency, and satisfaction drops. A team that cannot operate reliably internally will struggle to deliver reliably externally.

Finally, the business experiences budget erosion. This is the quiet loss of money through constant rework, high turnover, and low performance. Without strong HR leadership and systems, a company spends money reactively on problems that could have been prevented. It's a clear signal that the so-called "cost savings" of avoiding a strategic HR function were an illusion. The budget is being eaten away by reactive spending rather than proactive investment.

The solution to these problems is to move beyond a reactive, patchwork approach to people management. By building a strategic people system, a company can create a durable foundation for growth. This involves moving from informal processes to a structured infrastructure where managers are trained, feedback is consistent, and performance is owned. Only then can a business escape the cycle of constantly putting out fires and begin to build a sustainable, scalable operation.

## A Final Thought

For companies with 50 to 250 employees, the best thing to do is to be smart about their HR needs. This doesn't mean they have to hire a high-paid full-time executive right away. They could start by hiring a fractional HR leader, an outsourced HR team, or even an outside HR consultant to help them set up the right systems and rules. In the end, investing in HR is not just an expense—it's a smart business choice that protects the company, strengthens its culture, and makes sure it has the right people to succeed in the future. Companies that don't do this are taking a big risk with their own success.

# ABOUT THE AUTHOR

Bryan has over 30 years of professional experience, more than 15 of which is as senior executive in Human Resources at several leading global companies. He has supported more than 50 corporate M&A transactions as either an HR leader or HR M&A attorney. These deals ranged in transaction size from under 5 million to over 10 billion dollars.

In addition, Bryan has significant experience leading executive teams through corporate turnarounds, leadership changes, and other company transitions. He is currently serving as the fractional Chief Human Resources Officer of publicly-traded The Cannabist Company, where he is helping its senior leadership team reshape the business. He is also serving as the fractional Chief Administrative Officer of Ceres, the first multi-patented SEC registered hybrid stablecoin. Bryan is the former CHRO of global law firm K&L Gates, where he was awarded an HR Hero Award by a national HR organization for bringing the best of HR from the corporate world to a major law firm.

Bryan previously held senior HR executive positions at Aetna and United Technologies Corporation (both in the top 50 of the Fortune list at the time). Bryan is a former practicing employee benefits and executive compensation attorney at one of the top global law firms, Skadden Arps. He started his career at Fidelity Investments. He holds a Bachelor's degree in Business from Westminster College and a Juris Doctorate from Boston College Law School.



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