Is your company a bolshy adolescent?

LeadersLab
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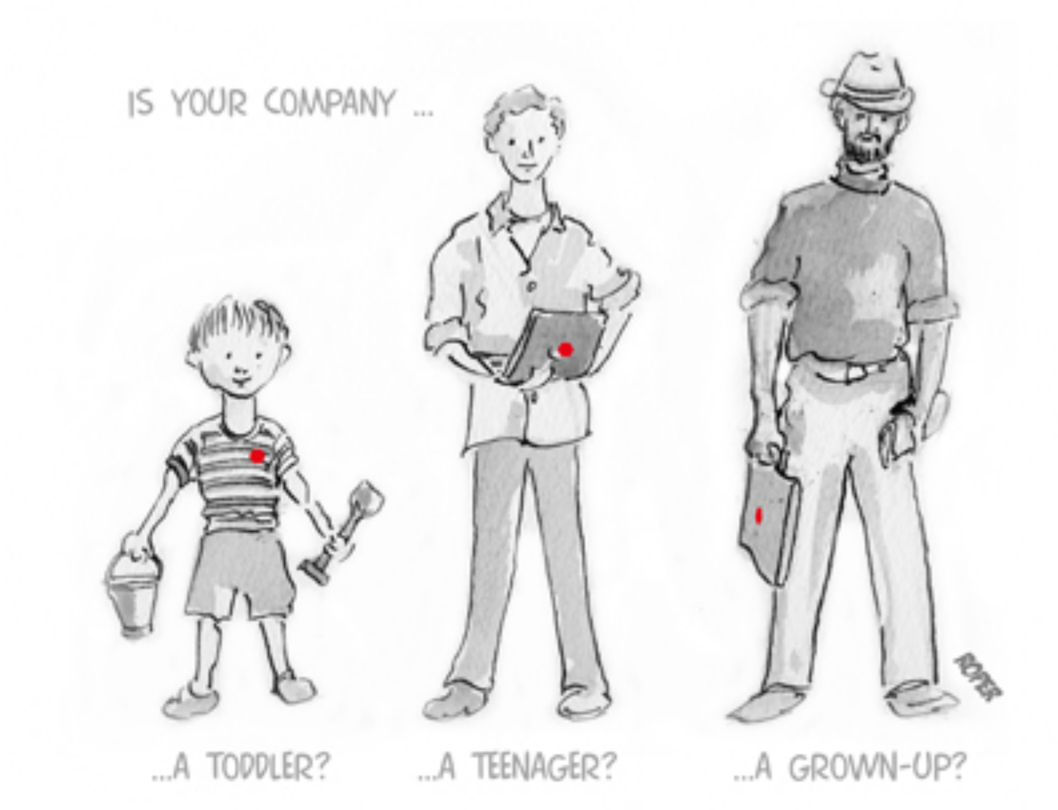
How old is your organisation? I don't mean 'how long has it been in existence', but 'how old does it act?' Strange question, maybe, but think about it and you will recognise the signs.

Does it lurch from excitement and joy to upset and crisis? Is it very high-maintenance, needing all your time and attention? If you turn your back on it for a minute, does it get into trouble? It's a toddler!

Or does it manage itself for increasing periods of time? You can go away for a few days without a disaster happening, and even get back to find the place in good order. It's a young adult, learning responsibility even when you're not there to watch it like a hawk, though you know that if you were to leave it too long, some things would go wrong or start not to happen. As with a moody adolescent, too much responsibility might start to weigh heavy, and you know that you need to check in fairly frequently to make sure everything's OK.

Or maybe you now spend most of your time looking for new ideas, new funding, new acquisition opportunities, knowing that your company will barely notice your absence from day to day. It's a grown up, and you know that it won't go off the rails if you leave it to its own devices even for quite a long time.



This might seem like an odd way of looking at your organisation's development, but this way of analysing it gives some insights as to the style of leadership and management your organisation needs at any given stage of its lifecycle.

First Generation: 1G – the Toddler Stage

This stage of your organisation's development is when you can really indulge your inner control freak. This isn't a problem for quite a few entrepreneurial owner-managers (it gets to be more of a problem later, so enjoy it while you still can). At this stage, you genuinely do need to keep an eye on everything and get your sleeves rolled up and get stuck in. Things move very fast; you need to ship product or services out as fast as you can, and keep a tight rein on the money coming in. Now is not the time to be easy-going or tolerant with your clients and suppliers – you need the money in on time, or the business will not survive. And you won't at this stage have the luxury of being able to hire enough people to cover all the business's needs. It's all hands to the pump, including yours.

This is an exciting time, full of adrenalin, victories and celebration – when it's going well - near misses, despair and panic when it's not. It's all action, and you and the few other members of your team need to work closely together to make it work. This sense of teamwork, collaboration and excitement is what makes this stage of a new business so addictive – and makes it difficult to let go of some of these habits and behaviour when your business needs to move to the next stage. Just like some parents when bringing up children, you may feel an urge to keep your toddler business small and dependent because that's when you feel most useful in its life.

But just as with your children it's not healthy to resist their urge to grow and become more independent of you, so it is with your business. There comes a point where the excitement turns to stress, the near-misses to dangerous errors, and the chaos just becomes irritating. Your business wants to grow into a 'proper' organisation and you and your co-founders are going to have to step back a bit, or risk holding it back.

> *Take the small fashion retail company started by talented clothing designer, Sheila. She's always employed women (as they are naturally interested in the product) who want to work locally and who like the family-friendly working hours. It was enormous fun at the start, but now, nearly twenty years on, Sheila finds that she spends most of her time sorting out personal issues among the staff and troubleshooting simple problems that she feels her staff should long since have become accountable for. She's ended up as the organisational 'mother' and everybody looks to her to sort everything out. It doesn't feel like fun anymore, and everybody is feeling the change in the atmosphere. It's time for the business to 'grow up' a bit, to give the staff the opportunity to take more responsibility and to allow Sheila to step back and get on with other things in her life.*

Second Generation: 2G – the Young Adult Stage

This is a period when, strange as it sounds, your business needs to find its own way of doing things. Just as you find you have less control over the way your children think and do things in their teenage years, so it is with your business. You need to trust that you have instilled the right values during the first generation 'growing up' stage, and start to let your staff work out their own ways of doing things. In fact, once you get used to it, this can be a relief – you don't have to be the one who has all the answers. You can hire people who think differently from you – maybe a lot younger, or trained and educated in different ways. Given some freedom within a framework of your company values, they can potentially come up with better solutions than you can to the various challenges of running a bigger business.

The emphasis now is on consolidation – finding and sticking to structured ways of doing things, so that the business is increasingly less dependent on any one individual – including you. You are creating a sustainable entity which could potentially survive and continue to be successful beyond your involvement. This will allow you to do various things, reducing your day to day involvement, freeing yourself up to go and pursue other activities and projects, or even selling it completely and moving on. Your young adult has matured to the point where they can survive and even prosper on their own.

There's a balance to strike, though. One of the commonest mistakes business leaders make at this stage is to assume that the easiest way to provide the structure the business needs is to 'buy in' the systems and processes, and the expertise, of much larger businesses – the 3G, third generation, ones. The problem with this is that the systems and processes of much larger businesses are highly engineered, usually very expensive, and need to be operated by highly trained specialists. Your young adult 2G business not only doesn't have the money to throw at these things, but, just having emerged from the highly flexible and entrepreneurial first stage, you will find these systems and processes over-engineer and overload the business. Staff recruited from larger organisations will usually struggle with the lack of resource and spare pairs of hands to make systems work smoothly, the way they do in the organisations they were designed for. What you need is simple home-grown systems and processes – capturing best practice from the people already working in the business, and providing just enough structure to enable the business to run smoothly. As new people come into the business, they can easily be trained in 'how we do things'.

> *Lisa is the MD of her family's well-regarded and growing marketing services company. She has worked hard over the past couple of years to move away from the all-hands-to-the-pump, slightly chaotic start-up phase of the company in the hands of her brilliant and very entrepreneurial father, John. With the aid of her brother and co-director Ian, she's putting in structures and processes to systematise the running of the company. She also has one eye to the future - she knows that if one day she and her family want to sell the business, prospective buyers will expect it to be run in a stable and professional manner, without the vulnerability of being dependent on any one individual with all the vital knowledge in his or her head.*
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> *However, some people liked the cosy, informal family feel of the company before Lisa took over, and they are uncomfortable with her emphasis on accountability, management structure and results. They complain that they aren't getting enough money and one or two of the younger team members have an eye on promotion. Yet they still resist the changes, which they feel are too 'corporate'. They prefer to do things in the old, slightly haphazard way which meant nobody felt too on the spot when things went wrong. Lisa feels unsupported, and as if she can do nothing right!*
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> *Lisa needs to explain to people that she's not trying to turn the company into a heavyweight corporation, just to make things replicable and sustainable, while*

retaining the light, flexible feel that is so important to this stage of her organisation's development.

Third Generation: 3G – the Mature Adult Stage

After some years in the 2G stage, consolidating and building the organisation's longer term sustainability, some organisations will find they are ready to move to a third stage. Failing to grow beyond consolidation can mean that efficiency becomes more important than innovation, doing things by the book and following procedures become more important than the organisation's mission, and you are left behind as customers find more responsive suppliers. The solution is a long-term vision with emphasis on growth and development, and a working culture in which staff exercise greater autonomy in making decisions and solving problems.

What is your vision for your organisation? Maybe you want to bring your specific mix of products and services to a much wider market, to make an impact on the world in some way, or to make even greater returns for your shareholders?

Whatever the motivation, the aim of this stage is high performance, and the key is shared ownership. The best large organisations are highly participative and collaborative, giving employees decision-making and problem-solving authority. Employees may even be partners in the business and assume responsibility for its success. Their focus is on serving the customer, and the organisation's mission, rather than rules and policies, guides their day-to-day decision-making. The best 3G organisations have a strong culture derived from a clear set of values modelled by their leaders, and developing people is a primary management task.

Jeff is a senior director in a large global name property company. Part of its strategy over the last couple of years has been to bring in-house a service – facilities management – which they believe will enable them to offer clients a full end-to-end management service for their properties. The strategy has been to take over facilities management functions from larger clients and then, without initially making any major changes to staff or standards, to offer the service back to those clients under the new owner's brand. It's a tricky cultural change for the employees, who have often worked for one company for many years and identified with that company. Now, without anything in their daily life changing very much, they work for a different organisation, with different conditions, norms and culture – and all without changing their colleagues or their place of work!

In a conversation, Jeff confessed, "I'm at my wits' end. I've changed the management structure, their terms and conditions, their contracts, put them on the company bonus scheme. We've had regular meetings to discuss work in progress and establish relationships with us here at the new company. We've even changed all their email addresses and their screensavers. But there's still no buzz. What more can I do?"

Jeff is typical of many senior leaders. Because all his education and training has been in the concrete skills of data collection and analysis, factual reporting, re-engineering, structuring, organising and control, those are the skills he naturally tries to employ when facing an issue like motivating his new team, and generating *enthusiasm and buzz. Notice that everything he's tried is concrete – new systems, screen savers, terms and conditions, organisation structure and contracts.*

I suggested that none of those changes really addressed the concerns, fears and anxieties attendant for most people on a major change of employer. Even if the move is positive, it takes time for people to buy in and to welcome change – Jeff's new team are likely to be feeling a range of emotions, anywhere from excitement and enthusiasm to apprehension and anxiety. Nowhere has he consciously designed and provided an outlet for this. Only if they really get the chance and a well-managed space to share their full range of feelings with each other, their new colleagues and Jeff, will they begin to tap into the creativity, the excitement and the ideas that Jeff means by 'buzz'. To be successful in generating buzz and fun, loyalty, creativity and enthusiasm, Jeff is going to have to learn to harness different skills from the ones that have got him to where he is today.

Learning from the 123G life path

The first two stages are vital to the development of the high-performance third stage of full maturity, though it's quite common for organisations to become 'stuck' in the first or second stages. Many business owner-managers find it almost impossible to let the organisation 'grow up'. Sometimes this is because they feel more secure when they feel fully in control, or because they are addicted to the adrenalin rush of the start-up stage, but more often it is because they don't know how to let go and allow their organisation to start to find its own way. They lurch from micro-managing their staff, to handing over all control in the name of 'delegation', not realising that an appropriate level of control for a teenager or young adult is to provide firm boundaries, with a light level of structure and observation, until you are completely sure that they are competent to run their own life.

Another block to moving through the stages is assuming that 'consolidation' means 'corporate'. Many owner-managers moved out of corporate organisations because they hoped starting their own business would provide them with freedom to do things their own way, and they equate structure and process with burdensome bureaucracy. But many organisation leaders have tried to grow from chaos to high performance without an underlying foundation of stability and consequently failed. If you want to create a high-performance organisation you must go through the stage of implementing the processes that ensure stability as well. The key to providing just enough structure is to learn to manage the 2G stage with a very light touch, only increasing the complexity when absolutely necessary, and then only in service of achieving your organisation's mission.

All a matter of choice

And in the final analysis, it's a choice. 2G is not 'better' than 1G, and 3G doesn't have to be the ultimate aim of all businesses. Some small organisations remain in the exciting, warm and cohesive first stage for most if not all of their lives – from choice. Additionally, many of the more than 95% of all businesses in the EU which are SMEs will choose to remain as middle-sized (2G) organisations (with under 250 employees and a turnover of under £12.9m) for their entire lifespan.

The important thing is that you *do* make the choice, and don't end up trapped at one stage or another because you think it's the 'right' place to be, or because you lack the courage or skills to move on - or back - to a more fulfilling or more comfortable stage.

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