

LEADING THROUGH RAPID GROWTH

A great problem to have?

Rapid growth is a great problem to have. The products are successful. Customers are flocking to the business. Revenue is flowing in. It is natural for the leadership to focus its energy on the product or the technology that is driving the growth.

Yet what really needs attention is everything else.

In organizations that are growing rapidly, every month the structure seems out of date. Positions need to be filled. Even new skills are required. It is all too easy for leaders to avoid these issues or to get overwhelmed by them.

The constant need for organizational renewal can be enervating.

What's more, it seems to be unending ambiguity. Nothing remains fixed for long.

It requires a particular type of transformational leadership to stay on top of things. The challenge is to rapidly scale up the organization to handle this rapid growth.

There are many aspects of organizational change and renewal that leaders must pay attention to during rapid growth. But three things stand out.

1 Aligning the leadership group

Rapid growth causes natural tensions among senior executives. Who should report to whom as the organization expands? Accountabilities can become fuzzy. Resource allocation can be ad hoc.

The key is to achieve common purpose and collective responsibility. The greater good is more important than departmental or functional power battles.

At the very top, they need to show collective responsibility. Whether part of an executive team or a

top 100 leadership event. All are behind a decision, even if it is not everyone's first choice decision. There should be no cracks between senior executives that are visible to employees.

Aligned and sustained effort towards common goals becomes more complex when the organization evolves so rapidly. It requires uniting a diverse set of professionals through a common vision, shared expectations and agreed ways of working together.

Creating alignment among the executive group requires three things:

Stable and effective executive team

In fast growth businesses, the leadership team is frequently a collection of subject-matter experts or specialists. They are not always familiar with how a top team should function as the fulcrum of leadership. Unifying this group and ensuring that they provide effective leadership is a critical, yet often overlooked, success factor.

Each member of the team makes an organizational contribution; not merely a department or functional contribution. When sitting around that table they represent the whole organization and put the interests of the whole above their personal or departmental interests.

Focus on the extended leadership group

Successful collaboration requires good working relationships among the leadership group. This cannot be forced, but it can be encouraged. Collaboration is required to ensure the whole is greater than the sum of the parts. And leadership groups who behave with civility, even enjoyment, are more likely to contribute effectively together.

An evolving strategic story

This is achieved by an inclusive approach to developing strategy. Not everyone needs to be consulted.

But by widening the circle of contributors, the more likely the strategic story will be internalized.

For this to stick it is vital to ensure that there are no major disagreements among the extended leadership group (direct reports to the CEO, and direct reports to the direct reports) about the direction or choices made by the organization.

Involve this extended group in the strategic conversation. Enable the group to think together in large-scale leadership events. Constant leadership communication will ensure that there are no gaps in the story for staff to exploit.

2 Building a flexible organization

Organizations are complex social systems. Redesign requires significant changes to structure, decision-making processes and senior roles. This work can get messy. Especially if it is done ad-hoc or in side conversations. It needs to be rigorous and disciplined. In fast growing organizations there is a temptation to short cut the process. Resist the temptation to use a “back of the napkin” approach to creating new structures. Determine root causes through a structured organizational diagnosis that involves leaders.

Then apply a structured design methodology and train your leaders how to make design decisions.

Who does a design? The CEO is responsible. But, with boundary conditions, you can minimize politics and reduce staff anxiety by involving senior leaders. The strategy determines the structure; that is the starting point. You may have to rethink the design every six months. But you need to be guided by the strategy as you do it. Involve trusted senior executives as well as high-potential, growth-minded other leaders in every re-shaping.

Every time you shift the organization design, avoid radio silence. The information vacuum creates uncertainty. So communicate often.

Successful organizational redesign requires recasting the way people interact with each other within groups and aligning those groups together. It involves building new organizational capabilities, developing new skills and instilling a new culture. This is why we call it organization “redesign” and not just “restructuring.” Design goes beyond structure, positively altering all aspects of performance.

3 Ensuring a high quality leadership pipeline

Too often executives are selected for roles based on the opinions of just one person, with little data to

back it up. Conversely, organizations sometime spend so much time on creating a leadership pipeline process that, while the process is efficient, the leaders are not getting world-class development. From our perspective there are three important actions to ensure a robust line of future leaders.

Assessing leaders in context of rapid growth

A leader in a rapid growth context requires skills beyond those in a stable, slow growing business. For example, an adaptable and flexible approach comes front and center. As does an ability to seek out, develop and examine new ideas—new ways of doing things.

Evaluating leaders potential is also vital. It is what they can achieve tomorrow, much more than today’s or yesterday’s performance, that is important. Do they have potential for roles of greater responsibility?

Finally, being clear about acceptable and unacceptable behavior in the organization is important. Rapid growth puts stresses and strains on people and the organization. For the culture to evolve, but also to be rooted in the beliefs of the founders, leaders must be told what is *good* and what is *bad*.

Continuous leader development

Leader development has to be never-ending in rapid growth organizations. A shortage of great leadership talent will slow growth. The good news is that rapid growth organizations are perfect breeding grounds for leadership skills. There are plenty of learning opportunities, projects to stretch candidates beyond their current comfort level, and unfamiliar tasks to give them. All of which are known to be much more effective in developing leadership skills than sitting in a classroom for a week.

Robust succession planning

Succession planning is not about a process mapped on a page. It is about the CEO and senior executives having regular conversations about leadership talent. It is about having at least three candidates available for each role. It is about knowing which are the “golden boxes” in the organization structure that, if occupied by a below-average leader, will damage revenue growth. It is the responsibility of the CEO and the senior leaders to spend sufficient time on developing talented future leaders so that rapid growth is maintained.



THE 5 FLEXIBILITIES

The organizational state of Rapid Growth requires the capability to quickly and easily modify things according to changing conditions. Very little is fixed. Conditions change day-to-day, week-to-week. Everything moves at a much faster pace. Consequently, flexibility is the secret sauce for leading during Rapid Growth:

1 Information. Be flexible about how you manage information. You just won't know everything you would like to know. You have to just start doing things, even if they turn out to be the wrong things. And even if you don't have all the information.

2 Individual Leaders. Be flexible in how you decide who to work with day-to-day. You can expect the first people in the door to be working with the CEO in the early phases of small organizations growing rapidly. But, within six months, those people may already be two levels down on the organization chart.

3 Top Team. Be flexible in the composition of the executive team. In the early days of rapid growth, the top team is often an informal construct. Membership is often not fixed, as the organization chart seems to be modified every week. The top team acts more like a project team than a fixed leadership team. The composition of it changes over time as priorities for growth change.

4 Business Processes. Be flexible in how you build these processes. You both build and use these processes concurrently. It can be frustrating and challenging. It is vital that early versions of, say, budgeting, business planning, recruitment and so on are sufficiently flexible to be modified quickly when necessary.

5 Leadership System. Be flexible in the leadership system you build. It will have to evolve frequently. You will be using it as you are building it. The elements of decision authority, expected behaviors, incentives and team work have to be decided on the go.

THE RIVER STRENGTH METER

WEAK		MODERATE		STRONG	
Rigid	Firm	Yielding	Changeable	Adaptable	Flexible
Change happens to us; not by us. Stuck in same way of doing things, when growth demands new ways. Staff frustrated with lack of evolution.	No focus on leadership talent or organization design. There is a slow response to growth challenges.	Some leadership talent planning in place. The organization design can be altered, even if belatedly. The future is considered in some decisions about leaders and talent.	Structure is changed, but usually only when it is clear the organization has outgrown it. Leadership talent hired or identified more quickly. Some leadership development takes place to ensure relevant capability exists.	Alternative structure and talent scenarios considered when planning for growth. Leadership development embedded to ensure flow of talent. Organization can move quickly to add/replace leaders in response to a growth challenge.	Consequences of growth are anticipated. Talent pipeline produces multiple candidates for each new role. Structure adjusted regularly.

RAPID GROWTH

The River Group was formed by clients for clients. The founders met 15 years ago as CEO client and consultant. Over the years, we have worked on many successful transformations together.

This track record of success and fruitful collaboration led us to form The River Group as specialist leadership advisors.

With the client/consultant perspective, The River Group is a different kind of

consulting firm. We combine years of experience leading change ourselves or advising others on leading change.

We have the behavioral know-how of consultants and the focus and pragmatism of the CEO.

Contact: The River Group • leadership@trgglobal.com • trgglobal.com

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