

Getting Ahead of Ourselves Part I

In his recent book *How The Mighty Fall* business authority Jim Collins writes “when an organization grows beyond its ability to fill its key seats with the right people, it has set itself up for a fall”. Although Collins’ book was referring to large companies, in over two decades of advising business owners I’ve also seen it play out in smaller ones. I refer to this as “getting ahead of ourselves”. It’s where the speed at which a company is growing out-paces the owner’s ability to fill key positions with competent people.

The reasons business owners fail to hire capable people are many and varied. In my experience one of the most common is because the owner doesn’t know what he doesn’t know. In other words, since the owner has never operated at this level of execution he doesn’t recognize the skill set necessary for someone to be effective. Other times he flinches at hiring highly competent people because of the threat they pose to his ego. Still other times the owner falls victim to what James Krantz, a professor at the Yale School of Organization and Management calls Projective Identification. “Here people project onto other people their own worst fears and doubts in an emotional self-fulfilling prophesy. This emotional sabotage is especially prevalent in boss and subordinate relationships. If a boss can blame some defect of his own—and the resulting problems in the organization—on a subordinate, then he never needs to face the real source of trouble himself”. This behavior extends to people within the organization and to potential new hires.

Regardless of the reason, the result of not filling key seats with the right people is always the same: The company’s growth stalls and the frustration levels increase as profit margins decrease. When left unattended the company eventually slides into decline, and sometimes into non-existence.

The first time I typically see this is when the company enjoys a measure of success which grows beyond the owner's ability to personally handle all of the daily responsibilities. In the early stages of the business these responsibilities deal with the technical elements of the business; things like cleaning, drying, repairing, selling, bookkeeping, etc. This is when he has to hire managers to produce the results in his company. Results that he previously had control over. It's at this early stage of development that the owner is tempted to make the classic mistake: rewarding an employee who is loyal and hard working, or one who is related to him, by promoting him into a management position that he is ill equipped to handle.

The next time "getting ahead of ourselves" becomes apparent is when the company has grown to a point where the decisions being made require an even higher skill level in its senior management team than it has in its front line managers. Once again the owner is faced with the choice of either developing someone from within the organization or recruiting someone from outside.

In Part II of this Note I'll discuss how you can save a lot of heart ache by not getting ahead of yourself.