

## Getting Ahead of Ourselves Part II

A recent conversation I had with one of my clients underscored the importance of not getting ahead of ourselves in a growing business.

In this particular conversation my client was telling me how fortunate he was to have three highly effective managers in the appropriate positions within his company. His particular business had successfully navigated the first stage of growth I mentioned in Part I of this series. As his company continues to grow and it approaches the point where he will need a senior management team in place he is faced with two significant challenges: maintaining the sweet spot of extended growth and profitability (Cash flow; Employee engagement; Controlled, sustainable growth), and developing the managers within his company to .....

The whole idea of placing competent people in key seats in your company, whether you develop them from within your company or find them outside it, helps ensure you will be able to maintain the company's profitability sweet spot. At this level the consequences of the decisions being made carry more weight as well as a higher price tag.

Consider the consequences of an operations manager who may have been successful managing front line people when the company was smaller, but who struggles with connecting the dots of customer satisfaction, service quality, and operating efficiencies that ultimately drive profitability. Or the bookkeeper who has done a satisfactory job maintaining the books and advising the owner when the company was smaller, but who has never dealt with the critical issues of cash flow and finance in a larger company. And let's not forget the real bottom line consequences of a project manager who may have been fine managing smaller projects, but who struggles maintaining his margins on larger projects because most of the training he received came either from the

company owner or from on-the-job experience.

At senior management levels in a small business the skills that are needed to succeed have less to do with the “hard skills”, the technical elements of the job than they do with the “soft skills”, a person’s ability to grasp complex concepts, communicate effectively, and lead people. After all at this level technical competence should be a given. Developing advanced skills in his management team, or finding people who already possess them remains one of the most important responsibilities of the owner.

When an owner fails in this responsibility he frequently finds his business struggling. Usually he’ll assign the reason for this struggle to market conditions, poor paying customers, or the economy. He overlooks the fact that an underlying cause might be right under his nose, and within his control. His business has gotten ahead of itself because he doesn’t have the right decision makers making the right decisions.

In rapidly growing companies the owner is under increased pressure to not only develop his managers, but also to develop his own advanced management skills in an effort to stay ahead of the curve. He must also be willing to abandon behaviors he might have gotten away with when his company was smaller (micro-managing, poor communication, etc.). Since his company’s needs are typically beyond his own experience level the owner must rely on outside sources for this management training, the same way he depended on outside sources for the technical training he received at an earlier stage in his business.

The whole process of avoiding the painful consequences of letting our companies get ahead of themselves starts with the owner’s ability to evaluate the management needs of his growing company and determine if he has the right people in critical positions. He’ll know he does when he has a team of people who are focused on forcing continued growth

rather than continually trying to catch up with it.