

Title:

Your Place In The Corporate Life Cycle

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701

Summary:

When an organization comes into being it usually does so as a result of someone's BRAINCHILD. If the idea doesn't take off, then in a sense, the brainchild is stillborn and the business never gets off the ground.

Keywords:

Corporate Life Cycle

Article Body:

Where does your organization sit in the Corporate Life Cycle and what should you expect next? Are you balancing entrepreneurialism with management disciplines effectively?

There are generally accepted to be ten stages in an organization's life cycle:

When an organization comes into being it usually does so as a result of someone's BRAINCHILD. If the idea doesn't take off, then in a sense, the brainchild is stillborn and the business never gets off the ground. BIRTH of the idea however is usually the next step.

Stage three of the life cycle is INFANT. Once an organization comes into being its immediate need is to survive. Keeping it alive is the main requirement as it begins to get stronger and grow its physical attributes. The main threat at this stage is a shortage of funds to sustain its early growth. If the organization doesn't succeed at this stage it becomes an infant mortality.

As an organization survives infancy it begins to see success. Classically customer numbers increase, sales volumes grow and so do costs. The organization begins to take on a personality of its own and with increasing self-confidence takes on bigger and bigger challenges. Sometimes with too much bravado it makes a big mistake and without the financial resources to withstand it, it fails. Stage four of the life cycle is therefore TODDLER.

As a result of stage four, organizations normally realize that there are dangers which they need to avoid but that essentially they are growing and succeeding.

Reproducing their success, growing and reinvesting in the business are the hallmarks of stage five of the life cycle - ADOLESCENT

Stages one to five of the life cycle, while fraught with obstacles and danger, are exciting years in an organization's growth. There is a common goal to succeed, enormous speed of response, mutual support, risk-taking, the celebration of success, informality and a sense of shared experience and learning together which bond the organization's people.

In an effort to maintain the winning formula and to avoid formality there is usually a reluctance to accept the need for self-imposed controls. The checks, disciplines, systems and structures that are now needed to protect the organization from over-trading are often overlooked. In order to continue to be successful, however, the organization now needs these as the size of its business and inherent risks require those running it to have more information to make decisions and judgments. The organization simply needs more management disciplines but it has been unused to them.

The move from stage five (ADOLESCENT) to the next stage PRIME, is the trickiest in an organization's life cycle. Entrepreneurialism must be kept and management disciplines adopted. There is normally a clash of values, differences of opinion, and a fierce exchange of views as those who originally built the business come into conflict with newly acquired managers. It's as though the organization is going through civil war! To successfully achieve the right balances required at PRIME there needs to be an acceptance of the need to grow and enable others to take on real responsibilities with an appropriate degree of freedom. This can be a painful and painstaking process to go through. Some don't believe in it, or don't want it and so people leave. This is quite normal. Others then come in and take up the challenge to make the necessary changes.

Having arrived at PRIME it is vital to keep the organization there. At this stage the organization needs to keep REINVENTING itself. To slip back is very dangerous and to go over the top into more management control is even more dangerous. If the latter occurs it isn't long before BUREAUCRACY and an internal focus take over. Arrogance leads to a loss of customers, sales fall, profit margins decrease and the best staff begin to leave. The organization is in EARLY DECLINE.

Without a bold new vision, a change strategy and robust leadership the organization progresses into TERMINAL ILLNESS at which point heavy weight management consultants are hired and their bill finishes off the organization!

The message is clear - organizations must balance entrepreneurialism with a

sound infrastructure and management disciplines to succeed. They will only succeed long term if they keep reinventing themselves.