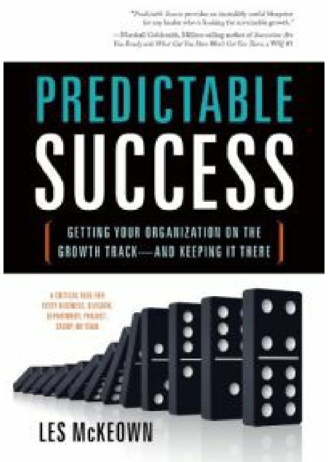

Book Predictable Success

Getting Your Organization On the Growth Track--and Keeping It There

Les McKeown
Greenleaf Book Group, 2010
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Recommendation

Entrepreneur and CEO Les McKeown prefaces his book with a tale of discovery – the story of how he uncovered the "Predictable Success" model. The personal anecdotes he shares in this section demonstrate his humility, as well as his bona fides. Perhaps more important for a book that aspires to show organizations both what they are (he says that every organization moves through a specific life cycle) and what they can be (every organization can stay in the best phase, called Predictable Success), McKeown trots out a fine writing style. Most chapters present a compelling, detailed anecdote that illustrates his principles, a feature that gives the book a nice utility. Leaders who learn through stories will find this guide as useful as leaders who prefer lean, jargon-free business prose do. And, though the book is somewhat repetitive and it fizzles out in the last chapter, McKeown's points are clear. This author knows companies: how they look on the way up and how they look on the way down. *BooksInShort* recommends his unpredictably fresh perspective on something every business wants more of – Predictable Success.

Take-Aways

- "Predictable Success" is the point at which firms dependably realize their goals.
- Three "growth stages" precede Predictable Success; three "decline stages" follow it.
- In the first stage, "Early Struggle," the firm races to find funding and establish a market.
- The next stage, "Fun," yields rapid growth as the company focuses on selling. This soon generates a level of complexity that demands attention.
- Increased complexity leads to "Whitewater," in which the business has the opportunity to develop systems to organize creativity and risk without crushing them.
- Getting the systems right leads to Predictable Success, a phase of careful balance.
- Companies in this phase show improved "decision making, goal setting, alignment, accountability and ownership."
- The "Treadmill" stage follows Predictable Success if people stop using systems simply to guide their work and instead marry themselves too rigidly to systems behavior.
- If systems squelch innovation, and if staffers overemphasize compliance, the firm enters "The Big Rut." At that point, the only options are dramatic change or death.
- The "Death Rattle" sounds when a company ignores its customers for too long.

Summary

Understanding "Predictable Success"

Why do some businesses fail while others succeed? You won't find the answer simply by comparing balance sheets and money management. In fact, many well-funded companies still flop. Firms that thrive have more than strong finances; they also have the right people and operating structures. Fortunately, any organization can attain Predictable Success, the point at which it dependably realizes its goals. To reach it, companies must progress through three "growth stages." Then they must avoid three "decline stages" to maintain it. The stages are:

First Growth Stage: "Early Struggle"

In this stage, which usually spans a company's first three years, your start-up fights to get off the ground and gain speed. In a game where up to 80% of companies die, the well funded fly while the underfunded flail. Make the right moves quickly and deliberately to establish a market for your offerings before you exhaust your initial financing. At the close of each workday, evaluate what your firm has accomplished toward finding a market. Don't thrust your new company onto the marketplace. Instead, keep your ears open and ask questions to learn "where your customers are." Then continually modify your products – say, with a new color or some other twist – to discover what your customers like. Survival trumps everything else, so be open to tweaking your business plan, your strategy and maybe even your "core values."

Second Growth Stage: "Fun"

In the Fun stage, business booms. Your new focus becomes selling to the market you identified during Early Struggle. Excited, energized employees go to great lengths to satisfy customers. At this point, your company will often be in a state of flux. Job titles and responsibilities may shift. You might change plans dramatically or push for new markets or partnerships. But your relatively small firm can "turn on a dime" to react to the needs of the customer. In this period of extreme flexibility and rapid growth, your company's employees face "ambiguity and imprecision" instead of the comfort of "process and systemization."

> "Any group that knows how to succeed has a substantial competitive advantage over those that don't."

Eventually, however, all the sales you bring in, all the customers you acquire and all the goals you reach yield "complexity" that forces your once nimble organization to operate in new ways. Sluggish communication, added organizational layers, increased staff and, yes, even your first disappointed customer signal that you've entered a rough passage.

Third Growth Stage: "Whitewater"

A growing client base needs attention; a growing staff needs direction. Your company now requires the "systems and processes" that many start-ups scorn. You don't want to hinder the creativity that made your organization special and helped it escape Early Struggle. But you also don't want your firm to wallow in a problem stage where it spends all its time and resources "firefighting internal brush fires." For help, assign a good "operations manager" to handle everything outside sales. But don't be surprised if a rift emerges between sales and operations. In some regards, that's only natural. These divisions have different views on how to help the company. However, when customer and business problems fall into the "no man's land" between these functions, they remain ignored and unsolved. At this point of dysfunction, the founder or owner must decide either to forge ahead, uniting the organization with a new company structure, or to return to Fun by consciously restricting the firm's growth and the complexity that comes with it. If the leader chooses to advance, the business must shed its "Heart and Kidney" organizational structure, where sales and operations exist as two separate organs, and instead become an efficient "Machine for Decision Making."

"Predictable Success"

Finally, your company's systems and processes are working well. They help manage complexity without choking the "entrepreneurial zeal, creativity and risk" that built your firm in the first place. The organization balances "growth and profitability," and the whole institution comes to understand, on a gut level, how to move forward, how to adapt and how to remain predictably successful. Firms operating in this phase have five main attributes:

1. **"Decision making"** – Rather than slowing the company, decision making drives it. When data comes in, the company reacts quickly and appropriately. Because employees at all levels help make the decisions that will affect them, they support the implementation.
2. **"Goal setting"** – Managers set a course and see tangible results.
3. **"Alignment"** – The business provides sufficient – but not excessive – organizational structure and processes to help employees. Teams work well together.
4. **"Accountability"** – All staffers are "self-accountable" and "externally accountable." They fully invest themselves in their tasks and their team's projects.
5. **"Ownership"** – This sentiment extends beyond the management. In fact, because of employees' sense of ownership, managers can focus on "supporting, motivating and leading" them, rather than trying to propel business momentum single-handedly.

> "Turning your performance assessment process from a failure-centric, jargon-filled monologue into a success-centric dialog focused on personal development is one of the most powerful tools in your return to Predictable Success."

Now your firm can handle any bumps in the road with the skill of an expert driver. And the business will need its driving skills, because constant movement is crucial to Predictable Success. Once your company arrives in this position, you cannot simply celebrate and rest your heels on your desk. Instead, you have to manage an "exquisite tension," balancing each side of the equation that got you here. If employees begin to rely too much on systems, you will quickly slide out of Predictable Success. Equally, if they focus entirely on creativity, you'll be in Whitewater again.

First Decline Stage: "Treadmill"

If your firm implements too many systems and processes, and places too much emphasis on "how" rather than "what," innovation will wither. Failure to achieve "step growth," or "periodic, substantial growth spurts," will cause the organization to run in place. Rote systems will bolster employee complacency, frustrating the management. Unfortunately, this Treadmill stage is very difficult to escape. Essentially, you must seek a way to create new eyes in the firm. Scatter "truth tellers" throughout the company, including on the board. Urge top managers to look outside themselves, for example, by hiring a coach for them or encouraging them to manage by "walking around." They need to be in touch with the organization for it to avoid "slow ossification."

Second Decline Stage: “The Big Rut”

Spend too much time in the Treadmill stage and your firm will fall into the Big Rut, where even company leaders become complacent. In this stage, “visionary” staffers leave, the organization actively squelches creativity and employees view customers more as an annoyance than as the firm’s “reason for being.” A business in the Big Rut manages and makes decisions mainly for its own comfort. Only a few paths lead out of the rut, and they all involve a huge shake-up. For instance, another company might acquire the firm, or leaders may respond to a “wake-up call” and achieve turnaround through a tremendous force of will. Without major interventions like these, the next step is permanent darkness.

Third Decline Stage: “Death Rattle”

In the Death Rattle stage, the point of no return, organizations expire in one of three ways. Resources may dry up, leaving the company few or no means to generate sales. The firm may refuse to evolve with new technology – think of the cassette tape manufacturers who failed to adapt to the rise of compact discs. Or, customers may abandon the firm, which seemed to have abandoned them long ago. The company is done.

Approaching Predictable Success – Building a Machine for Decision Making

To achieve Predictable Success, make your company into a machine for decision making. This requires implementing new systems in these areas:

- **“Organization chart”** – A good organizational chart goes beyond reporting levels of seniority; it indicates who really influences decision making. Create a chart that articulates the functions and positions needed to move your business forward, then identify their precise responsibilities. Sometimes a renewed organizational chart will expose a disconnect between individual workers and the positions they hold. You may have to replace them or help them grow into a redefined role.
- **“Lateral management roles”** – Managers tend to focus on their bosses and their direct reports. Now they must develop working relationships with other managers so they can proactively solve issues that affect operations.
- **“Alignment”** – Do employees’ actions support the firm’s larger goals? Ensure that all staffers are aware of what distinguishes the organization from its competitors.
- **“Cross-functional teams”** – Managers and teams in different departments must work well together to carry out executive decisions. Do not tolerate isolationism.
- **“Empowerment”** – As various work groups learn to collaborate, team members begin to trust each other and rely on each other’s results.
- **“Ownership and self-accountability”** – Nothing is more crucial in this process than accountability. It enables managers to shift their roles. No longer needing to “push,” they can “pull” instead, guiding employees and helping them to achieve the very best results.

Returning to Predictable Success – Building “Dynamic, People-Oriented Systems”

When employees become too dependent on systems, they lose the skills and knowledge they need to work creatively and energetically. Checklists, for example, help ensure consistent results from complex processes, but if staffers rely on them heavily and stop thinking for themselves, they may forget how to do the task the checklist describes. To get back to Predictable Success once you’ve passed it, help employees develop the proper relationship with the systems in your organization. Improve six “systems and processes to change how your people use systems and process”:

1. **“Hiring”** – Hiring enables you to bring the right people into the firm. To ensure that your hiring process is competitive, look within and outside the company for candidates, and select people based on “attitudes and attributes.” Be willing to “move people sideways” in the organization if they do not qualify to move up a level.
2. **“Deployment”** – After hiring new workers, acclimate them properly, or you will lose their talent to the very systems that are crushing the knowledge and skills of your more seasoned employees. Orientation should focus on why the new staffer has specific responsibilities and tasks, rather than how to do them.
3. **“Performance assessment”** – Performance reviews must be meaningful. If you use them to try to wrench staffers closer to complying with all the rules, you will quash their growth. Instead, turn this process into “a dialog” between you and the employee.
4. **“Training”** – Like performance assessment, your training program must involve employees in their own development. Draw them into significant discussions about their growth, rather than presenting them with “predetermined conclusions.”
5. **“Mentoring and coaching”** – Extend training with mentoring and coaching. Good mentors will create a space for “experimentation and exploration.” To accomplish this, the mentor should not have direct authority over the people he or she is mentoring – the relationship must be based on trust and geared toward growth.
6. **“Ownership and self-accountability”** – Employees must own the results of their actions. If they are accounting for them only by filling out compliance forms, they won’t help the firm return to the exquisite tension required for Predictable Success.

About the Author

Les McKeown is president and CEO of the firm Predictable Success. He has more than 25 years of business experience and has helped launch hundreds of companies worldwide.