Beyond Onboarding

An Accelerated Individual and Team Learning Approach to Improving Senior Executive Transitions and Achieving Sustainable Business Results

Book 2: Starting with the Big Picture - Assessing the Business Against the Challenges of the Business Maturity Life Cycle

Book 2 of the Three Waves of Change™ ebook series.

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Book 2: Starting with the Big Picture

Starting with the "Big Picture" of the Business Situation Analysis: Determining the Probable Stages of the Organization in the Business Maturity Life Cycle and Anticipating its Organization Effectiveness Challenges and Solutions

Mini Case Study

"Sweet Spot" - Experienced Manager Tackles a "Resting on Past Laurels" Business

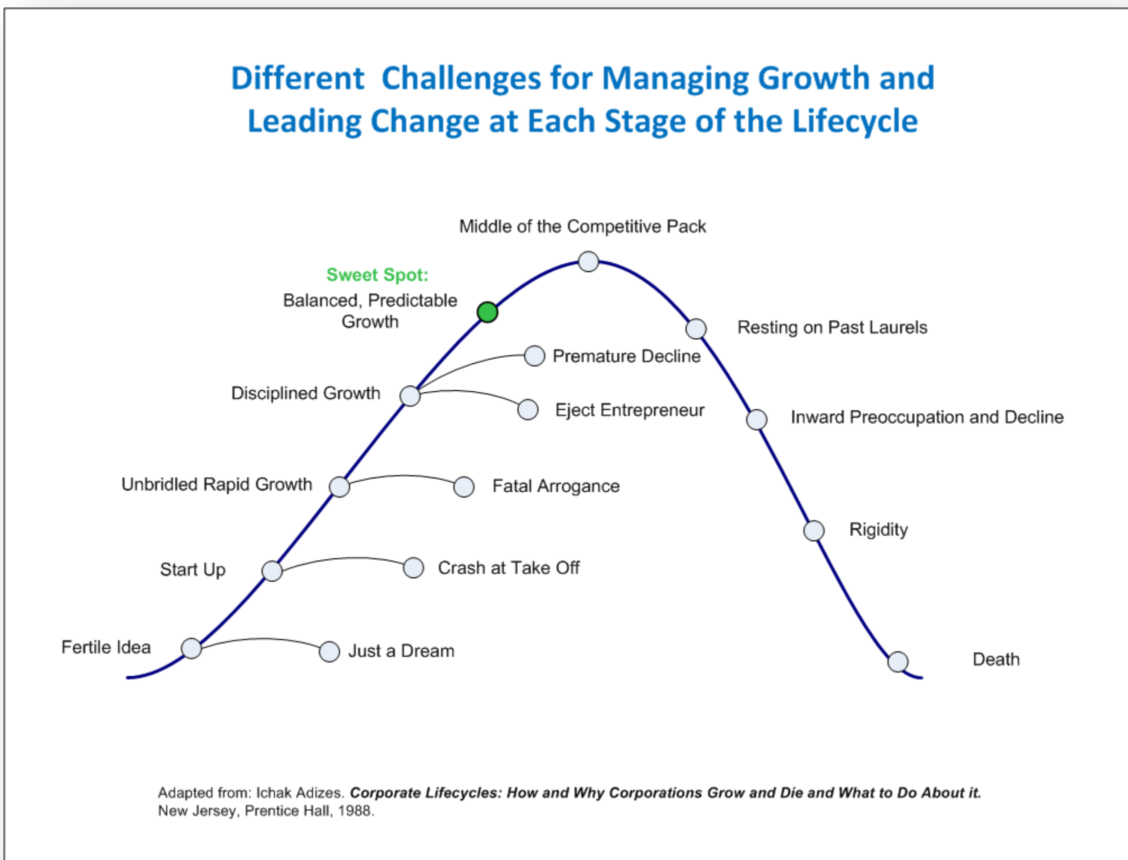
Jennifer was recruited externally from one of the most competitive food companies in the world, known for its aggressive marketing. She joined a U.S.-based food company with well-known brands in its categories, but whose growth in its core portfolio of brands had essentially been flat over the past ten years. Turning over four CEOs of the corporation during that period did not seem to result in much improvement. Under the new CEO, Jenn was asked to take P&L responsibility for one of the iconic child-focused brands that had historically served as a cash cow for "innovative investments" in other brands. The Finance executives stressed the need for predictable short term profits to fund these innovations outside of the brand, which also meant avoiding a healthy, taste-equivalent version of the current brand because it was less profitable. Managing the brand had become a "rite of passage" for those seeking the top executives' jobs. Avoiding risk, most incumbents made small incremental changes to tweak the brand's performance.

Jennifer decided to engage in the Three Waves of Change℠ executive coaching and consulting services to help her anticipate and effectively lead and influence the multiple changes likely to be necessary in the business.

The new CEO did not want to become "the latest statistic" so he allowed Jennifer to take a more entrepreneurial approach to her transition into leading the legacy brand. After building a common mental model amongst her tribe, celebrating the past and anticipating a different future, Jennifer began to lead some significant changes that would be perceived by some as indirectly challenging some of the past, more conservative, incremental changes implemented by previous incumbents now in other senior executive roles. She repositioned the brand in its markets by appealing to the emotions and memories of parents who had consumed the brand as children. She fired the advertising agency that had been shepherding the brand for more than ten years and hired a firm known for its edgy and attention-getting, emotion-driven ads. She created alternative easy-to-prepare versions of the products that could travel in cars with busy families. Profits dipped temporarily as the new products were launched but quickly recovered with new demand and little cannibalization of existing product revenues. As a reward for successfully not "staying the course," Jenn was promoted to a Country Manager position in the corporation's international operations and is now considered to be one of the top 15 executives in the company.

I. Introduction: Seeing the Forest Before We Get Lost in the Trees

With the sense of urgency to "hit the ground running" and the desire to obtain quick fixes, "early wins," and tangible results, it is easy to become lost in the details and lose perspective on the fewest overriding and most powerful drivers that may be affecting the performance of any major part of the business. One way to avoid rushing to adopt a fragmented, misdirected, or piece-meal approach to improving a business' performance is to build a common mindset or mental model amongst the key players about where we are as a business or major business function on the business maturity life cycle as one part of developing a more comprehensive Situation Analysis of the business. Once we can reasonably identify what stage of development we are in (or different parts of the business are in), we can also begin to identify the typical challenges to continued successful growth any business at our stage of development experiences and determine which challenges are most important to us.



Conducting this business maturity assessment and identifying the implications for anticipating the predictable organizational effectiveness challenges should not take long. But as we will see later in the case study of the case study of Highway Surfaces Inc. (Book 3), acting without adapting to these realities can lead to a derailment of the executive's transition.

What is the Business Maturity Life Cycle?

The Business Maturity Life Cycle (referred to here as the "Life Cycle") is a conceptual framework of the typical developmental stages of a business or organization. The framework describes the essential characteristics of a growing or declining business (or key functional organization within the business) from the very beginning of an idea for a business (or function), through its growth and success, to its decline, and either renewal or eventual death. The idea of a business life cycle is not new. Probably the most developed example of one version of the model that has proven valuable is the Corporate Lifecycles Model developed over the past 30 years by Ichak Adizes. Building on the more recent revisions of Adizes' ideas and model, Wiznami has developed our own version of a business maturity life cycle model that includes a language, definitions, tools, and examples that we feel are more concrete and relevant to the needs of our business clients. But we clearly "stand on the shoulders" of Adizes[1].

Aligning Key Executive Roles to Challenges Specific to the Stage of Development

The two major components of the Business Maturity Life Cycle are:

> 1) The unique challenges any business or major business function faces at each stage of development; and
> 2) The primary set of roles that must be filled and properly aligned to meet those challenges.

Incumbents incapable of fulfilling these complimentary roles or the misalignment of power and influence among these roles, particularly in the top executive group, can lead to derailment or even failure of the business or function.

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[1] Adizes, Ichak, and Marco Naiman. *Corporate lifecycles: How and why corporations grow and die and what to do about it*. Vol. 1. Englewood Cliffs, NJ: Prentice Hall, 1988.

Adizes, Ichak. *Managing corporate lifecycles*. The Adizes Institute Publishing, 2004.

Other relevant references appear in the bibliography.

Brief descriptions of the four primary roles that are used in the Life Cycle model follow.

The Four Primary Roles that Can Be Employed to Address the Performance Challenges Specific to Each Developmental Stage

The four roles are the Entrepreneur, the Driver, the Organizer, and the Team Developer. These are roles and not necessarily individuals. In some cases, a multitalented incumbent may serve in more than one role. More often, there are multiple incumbents in each role. Or, there are multiple incumbents who play multiple roles and often overlap in their performance of these four basic roles. Not all of the roles are present or present in equal strength at each stage of the maturity cycle. The basic assessment of the extended leadership team at any stage is to determine if there is enough of the right mix, constructive interactions, and balance between the roles necessary to meet the development challenges inherent in the organization's stage of development. This will become more apparent as we describe the typical developmental challenges at each stage of development and how the roles can either be aligned to better address those needs or become misaligned or conflicted, resulting in undesirable, negative outcomes.

The Entrepreneur

The entrepreneur's principle strength is the ability to perceive and identify practical and realistic opportunities and possibilities that others often are unable to see. A true entrepreneur is a generator of new possibilities balanced with a strong sense of practicality. While they tend to become enamored with their own ideas, they are only committed to an idea as long as the intended market is willing to pay a price that will allow a reasonable profit over time. Their primary motivation is to create and deliver a product or service that the market will embrace and pay

You're Never Too Old

Mark Zuckerberg with Facebook, Paul Allen and Bill Gates with Microsoft, Steve Wozniak and Steve Jobs with Apple - those success stories lead some people to think that coming up with big ideas is a young person's game. But the tech entrepreneurs who rose to early fame and fortune are just the outliers. The typical entrepreneur is a middle-aged professional who learns about a market need and starts a company with his own savings.

Research that my team completed in 2009 determined that the average age of a successful entrepreneur in high-growth industries such as computers, health care and aerospace is 40. Twice as many successful entrepreneurs are aged over 50 as under 25, and twice as many over 60 as under 20.

Vivek Wadhwa

Vice president of academics and innovation, Singularity University

As quoted in:
April 29, 2013.Journal Report (WSJ): Small Business
"How Entrepreneurs Come Up With Great Ideas"

for. Their reward is the "proof of concept" of the value of the product or service in the market place. Monetary gain and goals, while important, are secondary motivators.

Driver

The driver is a "doer;" someone driven to lead a course of action until it achieves its intended outcome. They are driven by the achievement of outcomes. While they often enjoy the experience of making progress on a task or the implementation of a component of a strategy, it is the outcome that gives them the most pleasure. When under stress, they can often become single-minded about driving the activities required of the task, project, or strategic initiative. While they adapt to emerging barriers to task completion, it is sometimes difficult for them to step away from their course of action to ascertain if the action is still relevant and valuable as the surrounding circumstances change. It is easy for them to sometimes lose perspective of the bigger picture.

Organizer

The Organizer values structure. Structure can come in many forms: accounting conventions and accepted practices, standards, common processes, systems, accountabilities, and metrics. They are motivated to bring order and alignment where there may have only informal or ad hoc practices. There is a strong tendency towards the values of consistency, predictability, validity, and stability. For many of them, there is intrinsic value in having things organized in some fashion. Adaptability, responsiveness, and stretching outside of the boundaries to realize an emerging opportunity, are all often secondary considerations.

Team Developer

This is the role that ideally helps the team become more self-aware and self-correcting against the standards of the typical characteristics of high performing teams. The Team Developer is the glue that pulls the tribe together and creates opportunities for the team to connect, find common ground, align around an overarching goal or value, or find resolution to a conflict of ideas or interpersonal conflicts. The Team Developer can achieve these outcomes through the use of influence, facilitation, coaching, the engagement of outside consultants as facilitators or subject matter experts, mediation, peace-making, or reminding the tribe of its commitments to overarching values or ground rules of how they have chosen to work together.

The ultimate measure of success is whether the team members exhibit enough of an essential level of trust with the other team members that an inevitable conflict of ideas and perspectives can be expressed, understood, evaluated, and integrated (or not) in a way that constructively engages the best critical thinking and decision-making of the team.

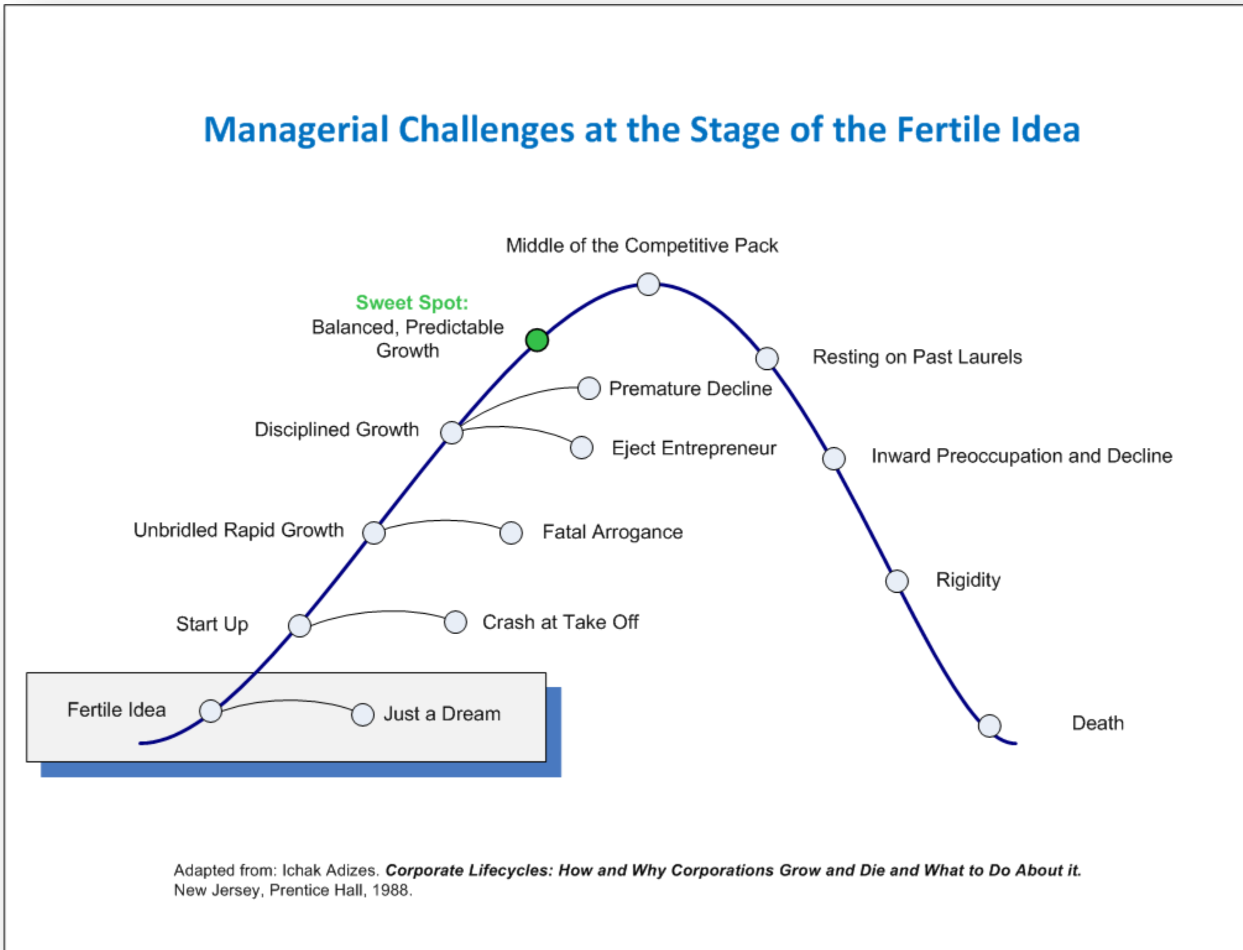
Brief Descriptions of the Challenges and Dynamics Among the Roles for the Developmental Stages

The unique challenges inherent in each development stage will be described first. Using these stages as a backdrop, the key roles and their evolving relationships and proper alignment will be described for each stage.

Building a Foundation for a Shared Mental Model of the Business

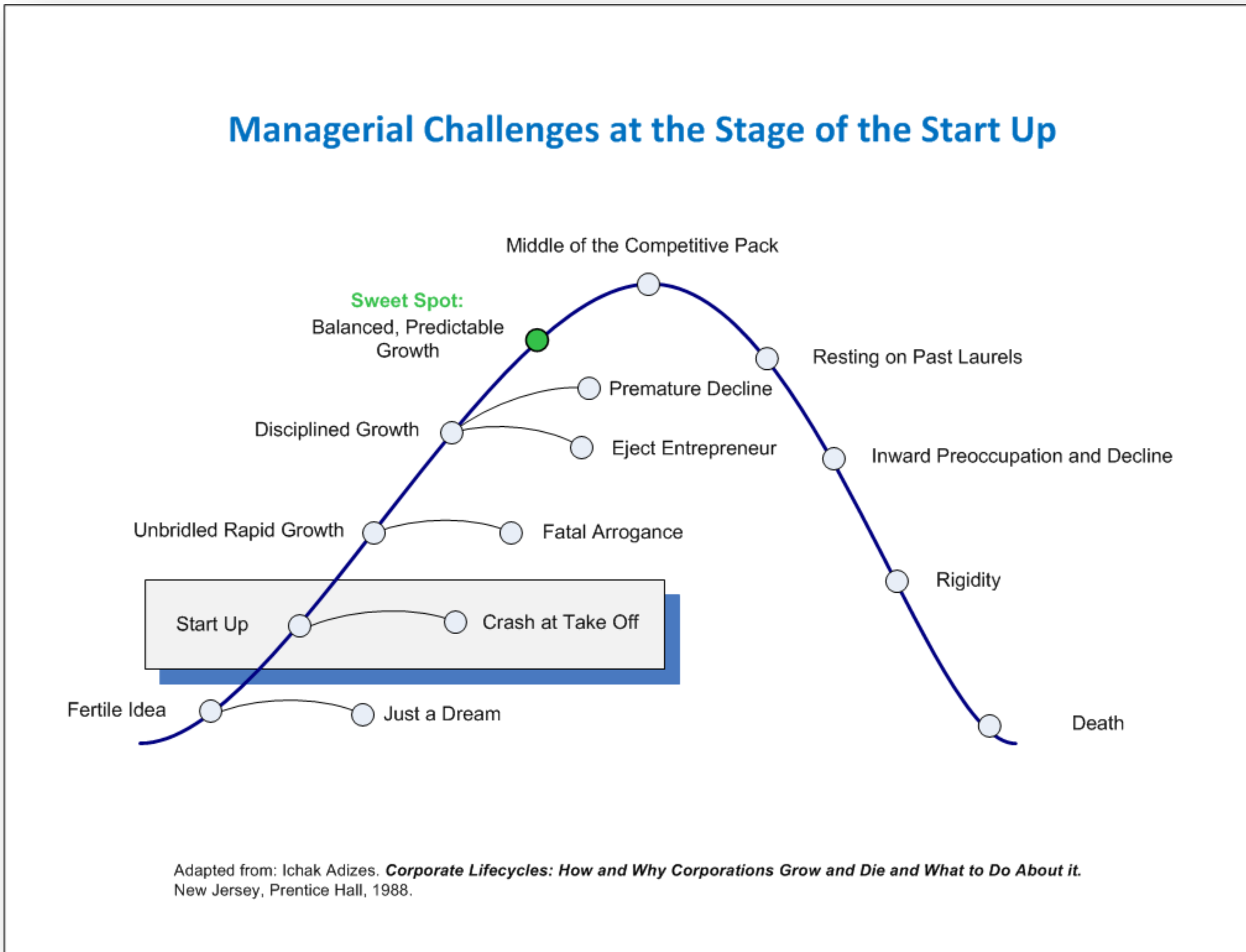
For an executive new to leading a tribe ("team") managing a business, the value of using the Life Cycle is to develop a common mental model among at least the top management team of the business as to where the business and its main components are in the life cycle and to help the team keep a perspective on the likely predictable challenges that typically occur at each stage. Each stage presents its own developmental challenge which must be addressed or the business or its key stakeholders may sow the seeds of their own demise.

The other value of the model is to help the leadership team understand that some of the very characteristics of the business that made it successful in the recent past, if not balanced with other capabilities, can also be the root cause of the business' underperformance and inability to adapt to competitive challenges. They must come to accept the reality that to lead the business or organization from wherever it is to healthy, sustainable, predictable growth will almost always involve their disrupting the current state of the organization. The ultimate goal is to orchestrate the business to perform at the Sweet Spot of the developmental stages. This is hard to achieve, and once achieved, hard to sustain.



Fertile Idea (vs. Just a Dream)

The first stage is called the "Fertile Idea." The primary role necessary at this stage is the Entrepreneur. Someone has an idea for a product, business, or functional organization processes that they believe provides a unique product or service in the market place or an improved opportunity to create value within the business as a functional process (e.g., an innovative quality process or customer service process, etc). Some people further develop these ideas into business plans or proposals. The challenge at this stage is to find a champion or sponsor who will put some resources at risk (and perhaps some of their credibility or reputation at risk). Until there is someone who is willing to put some "skin in the game" and risk a loss, playing around with this fertile idea is "Just a Dream" and may never be put to the test. With resources at risk, the Fertile Idea with its champion moves on to the next stage of development called the "Start Up" stage.



Start Up (vs. Crash at Take Off)

The three key motivations at this stage are survival, traction, and results. This is the period of "proof of concept," whether it is to find a niche in the market place or prioritize a service or output from a functional organization that is desired and valued by other organizations within the business.

Independent start up businesses must be adaptable in finding traction in, and responsiveness from, the market place. The entrepreneur cannot be overly committed to a specific product or service if the market place does not wish to pay for it. The fledgling business can ill-afford to pursue a "product in search of a market" for very long without sales. Sales and cash flow are the lifeblood for survival.

Mini Case Study

Internally Transitioning To Lead a "Start Up" Functional Organization in a "Resting on Past Laurels" Company

A recent example for transitioning into a "Start Up" a functional organization is the spouting up of "big data" analytic groups in large companies. Mature manufacturers are looking for opportunities to apply the "internet of everything" to provide additional or breakthrough services to its clients. A large equipment manufacturer (a "Three Waves" client who will go nameless), for example, is seeking to find ways to help customers and their dealers use their equipment in the field more efficiently, anticipate equipment part failures, and minimize downtime by using the internet to monitor the equipment and provide just-in-time maintenance.

Transitioning into the top role of this new function, the executive used the Three Waves coaching process to address a number of issues. Three important Wave 1 challenges stood out:

1. Attempts to capture first mover advantages met constant resistance from the company's approval channels (including Legal, Facilities Management, etc.). The executive needed to move on opportunities in a matter of days and the layers of approval processes often took weeks. The culture clash erupted from a different sense of acceptable response times that were light years apart.

2. The executive came to realize that he was part of the problem. He had become acculturated to going through channels and asking for permission rather than acting on what needed to be done and then asking for forgiveness. He had to escalate requests for expedited approvals up to his boss and invoke air cover he normally would not request because in the current operating culture it would have been interpreted as a sign of weakness on his part for not handling it himself. Only his boss could cut the red tape.

3. Setting priorities and boundaries were critical to protecting the focus and progress of the "big data" tribe. Too many "tourists" from the company or outside stakeholders invited by the Board of Directors to come view "the cutting edge stuff these guys are doing that you might learn from..." had to be refused visitation rights to allow the tribe to pursue its assigned work undistracted. BTW - The Big Data initiative happened to be a top priority of the Chairman.

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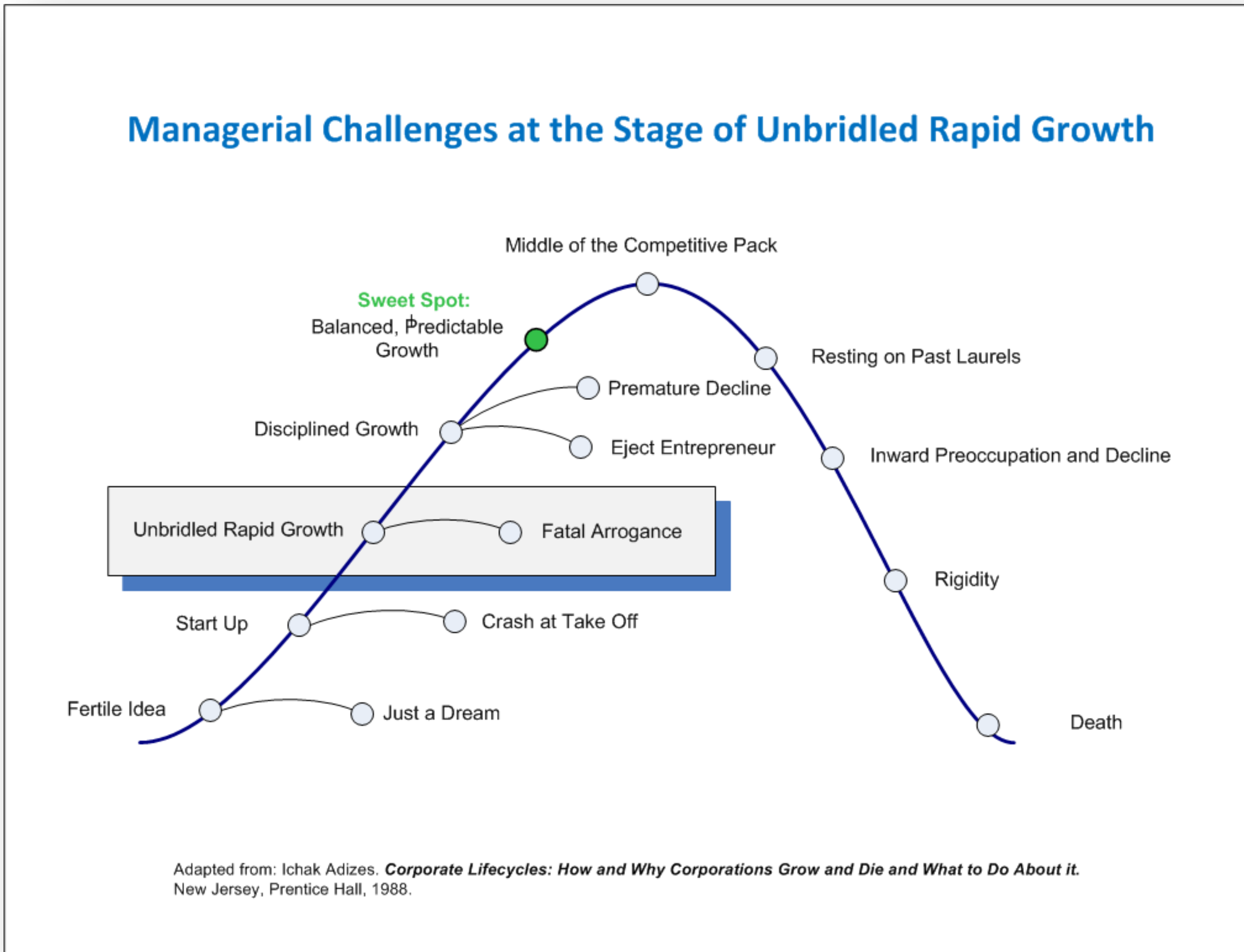
Enter "The Driver"

So in addition to the entrepreneurial capability of anticipating and identifying viable opportunities in the market place or early successes to build acceptance by an internal functional organization, success at this stage requires the introduction of the Driver to achieve results. The driver must be relentless in pursuing sales, and at this stage, all sales are good, even those with little or no profit, as cash flow is king. The Entrepreneur makes all of the decisions about where the forays into the market place should occur and the Driver executes those plans and makes them happen. If the Start Up cannot find traction in a niche in the market place with paying customers of a scale to support even the small overhead costs of the business, this business or function is doomed to eventual failure. If the organization is able to grow, roles are not always distinct and everyone does what is necessary to get the product or service out the door and obtain payment or reimbursement from its customers. When sales becomes consistent and there are a critical mass of repeat customers (or, for the functional organization, repeated requests for additional services, a willingness to incur transfer costs, or clear customer satisfaction for those services) , the organization moves beyond the survival challenge to address the market pull for growth. The organization is, by necessity, very informal, unstructured, and fluid. The small size of the organization and the easy, often immediate, access to other tribe members makes collaboration and alignment possible through superhuman, adaptive, individual or small group efforts. There are few policies and very little structure. As we will see in the next stage, super human efforts are not sustainable and cannot be counted on as a scaleable organizational capability.



Unbridled Rapid Growth (vs. Fatal Arrogance)

Once traction is achieved in the Start Up stage and a relatively consistent and a predictable revenue stream is established, the two primary roles are invigorated. The Driver, flush with recent success, is now motivated to leverage off of the behaviors he or she believes resulted in the past successes. Driven by the motive of "achievement," the Driver also seeks to exceed past sales results and accomplishments. It's "pedal to the metal time" to leverage past successful practices to capture new customers and take advantage of any first mover advantages if the market place finds their products or services distinctive and more attractive than any competitors' offerings.

The successful stabilization of the organization encourages the Entrepreneur to do what she or he does best - identify new viable opportunities. At first, this search is a reasonable consideration of related or adjacent products and services. There is a natural tendency to begin to consider more risky endeavors outside of the niche or recent successes.

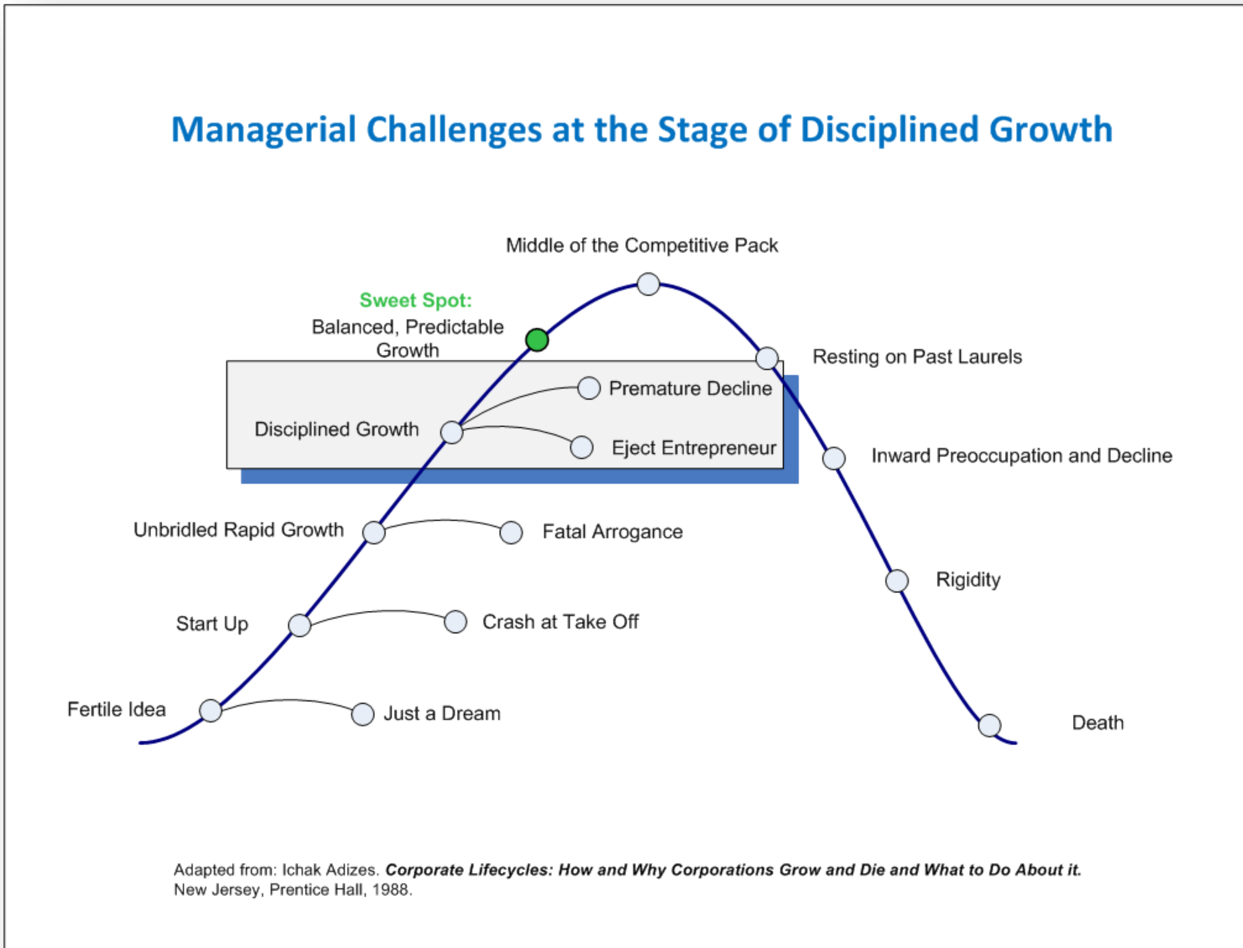
For incumbents in both roles, the danger may soon appear when the continuation of past behaviors and practices sow the seeds of the possible future failure of the organization. Without the benefit of the structure of adequate accounting or sales processes, the consequences of the decisions to pursue additional less-proven opportunities or "any sales" are not immediately apparent. Without knowledge of the increasing overhead or cost of sales, it is east to provide discounts to prospective customers that result in unprofitable sales. There is no production management scheduling or system. Promises about products and services are made that cannot be fulfilled by the producers of the service or product, and the reputation of the organization in the market place begins to suffer. If the entrepreneur is arrogant enough, he or she may take the business into unchartered waters outside of their proven expertise, and discover that either more mature competitors are able to "eat their lunch" or the organization is unable to deliver the new services with high quality and timeliness. The business can quickly find its efforts diluted and increasingly ineffective, while losing money at an alarming rate at the same time that aggregate gross sales numbers continue to go up.

The Ascension of the Role of the Organizer

The pain of the consequences of unmanaged, unbridled growth forces the Entrepreneur and the Driver to introduce an additional role to the tribe, the Organizer. When they have successfully crossed this threshold and have accepted this role, they have entered the developmental stage of Disciplined Growth.

We will later present a case study entitled "Mushroom" of a new CEO with broad and diverse previous general management and CEO experience transitioning into an "Unbridled Growth" business. Using a variation of the Three Waves of Change℠ approach, he made multiple changes during Wave 1, realigned his team, engaged in the Immersion stage, realigned again and finalized his team, and then embarked on the change management planning and implementation in Wave 2.

Disciplined Growth (vs. Premature Decline or Ejection of the Entrepreneur)



There is a natural tension between the personal Momentums (agendas and preferred modes of focus and behavior) of the Entrepreneur and the Driver with the Organizer who is either introduced at this stage or whose role is increased with power at the beginning of this stage. The tension is generated by the restraint that comes with the discipline introduced by the Organizer. Processes, policies, practices, plans, and decision- and approval structures can grate on the Entrepreneur and Driver incumbents who may have enjoyed more free-wheeling, independent, and self-directed styles in the past.

A mature and balanced Entrepreneur will come to understand that he or she will need to inhibit some of his or her more personally enjoyable actions and behaviors - such as frequently generating new ideas for business opportunities - and subject themselves to the discipline needed to manage the business in a more sustainable, profitable way. Some of this will also depend on the style of the Organizer. If the Organizer can introduce more discipline into the business without raising the defenses or underlying needs for independence of the Entrepreneur, a constructive tension may be developed among tribal leaders.

In contrast, even with a reasonable Organizer, some Entrepreneurs chafe at the constraints that they feel is being imposed on them. To them, the organization is not the fun, free-wheeling place where their creativity could flow freely that it once was. The Entrepreneurs may select themselves out. Or the Entrepreneur, despite what he or she says, behaves in ways that indicate to other other members of the tribe that the need for discipline applies to others, but not to the Entrepreneur. If the Entrepreneur's unrestrained pursuit of new opportunities continues to disrupt the performance of the organization, he or she may be forced to leave.

The potential tension between the Driver and Organizer is often less than that with the Entrepreneur as long as the Driver can channel his or her needs for achievement and, as a result, experiences "efficacy" - that his or her effort makes a significant difference.

The Ascension of the Team Developer Role

The addition of the Team Developer role at this stage often enables the organization to develop to the next stage of Balanced, Predictable Growth. The Team Developer role helps the team not only learn to live with and tolerate each other within the restraints of discipline, but the effective Team Developer incumbents enable the leaders to actually appreciate each other's differences and Momentums, and maybe even value them. This integration provides a foundation for the leadership tribe to potentially develop into a high performing team who can maintain the organization's success in the face of increasing competition that comes with successful, distinctive growth.

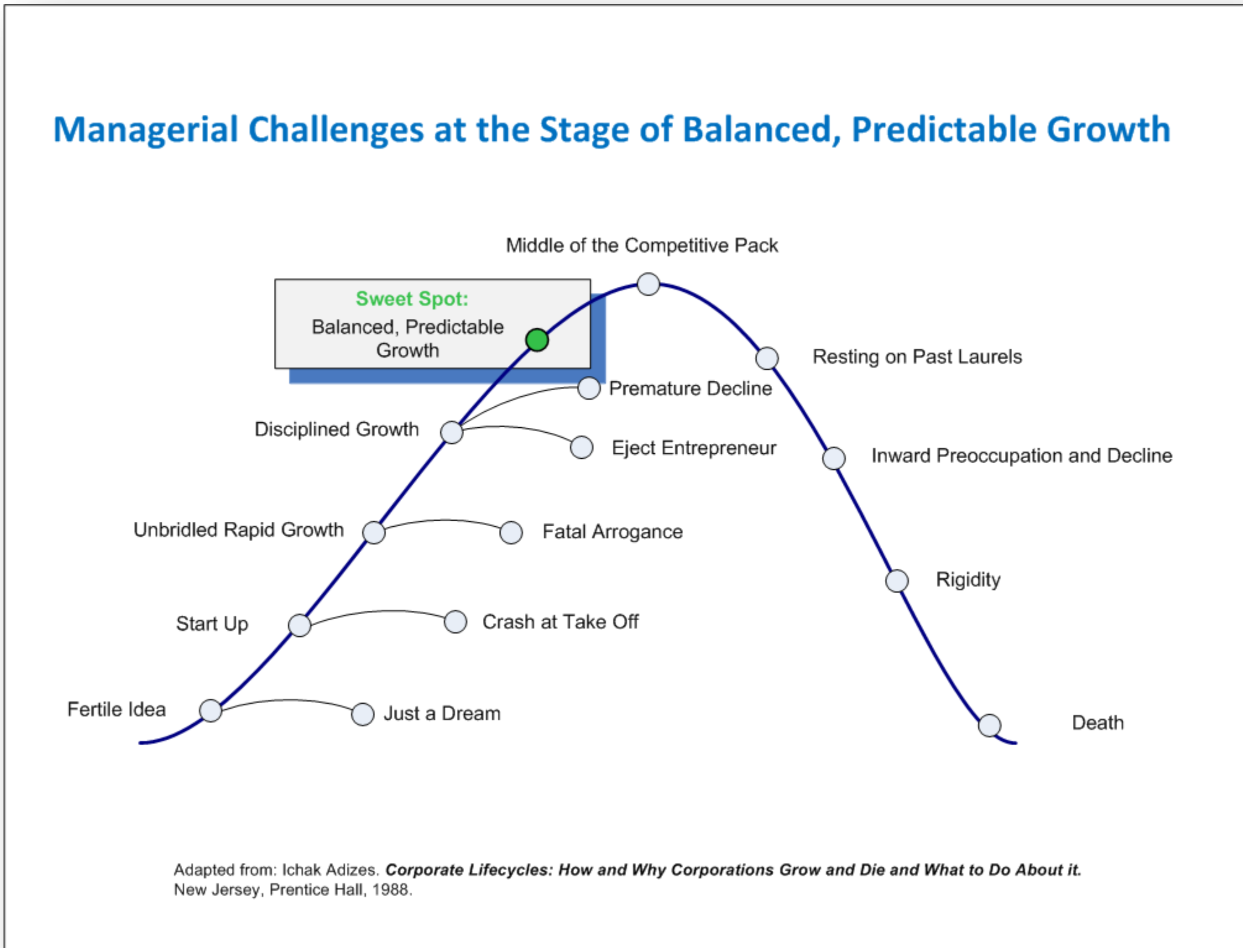
The Team Developer role often falls by default to the Chief Human Resources Officer. The CHRO's ability to adequately perform this role depends on the current state and maturity of the top executive tribe, the CHRO's ability as a team facilitator, and the inherent conflict of the CHRO trying to be both a member of the team and a facilitator outside of the team dynamics. While the CHRO and other executives can often serve as ad hoc, temporary, or as needed facilitators, the team development process is often accelerated by engaging a qualified and seasoned external consultant. (This will be discussed in Book 9).

The Emergence of Strategic Management

Implicit in the organizational characteristic of disciplined growth is the reliance on a more formal business strategy to guide what opportunities and initiatives the organization will pursue where it can play and win, and where the organization could play but chooses not to. Opportunities avoided include those that would not provide the organization with the results or competitive advantages that it desires. Strategy is the discipline to choose where the organization can perform at its best. It is a thoughtful balance between opportunities and the organization's likely strong capabilities. The organization also chooses where it could play but does not, because it is not likely to win or the requirements for competing there will dilute its other efforts. For a business with products and services, the reasons for competing in certain product lines and categories should be clear and understood widely by senior executives.

For functional organizations, similar decisions are made where the organization decides to invest in centers of internal excellence because of the unique value they can create (such a manufacturing pilot program management and the insights and intrinsic knowledge obtained from them vs. outsourcing manufacturing pilot program testing and scaling and losing that knowledge) and determinations of where the centers of excellence are best acquired from external partners or consulting firms (or, for example, the selective use of law firms vs. the use of internal lawyers for larger legal departments). These kinds of choices are difficult for those who enjoy participating in or competing in those activities that the organization has decided not to participate in (or for those who's "hidden" agenda is to build little empires). In this way, the organization does not dilute its efforts. Once the strategic planning and management processes become more institutionalized and effective, the organization has an opportunity to truly enter the Balanced Predictable Growth stage.

Sweet Spot - Balanced Predictable Growth (vs. regression to previous stage or progression to next stage)

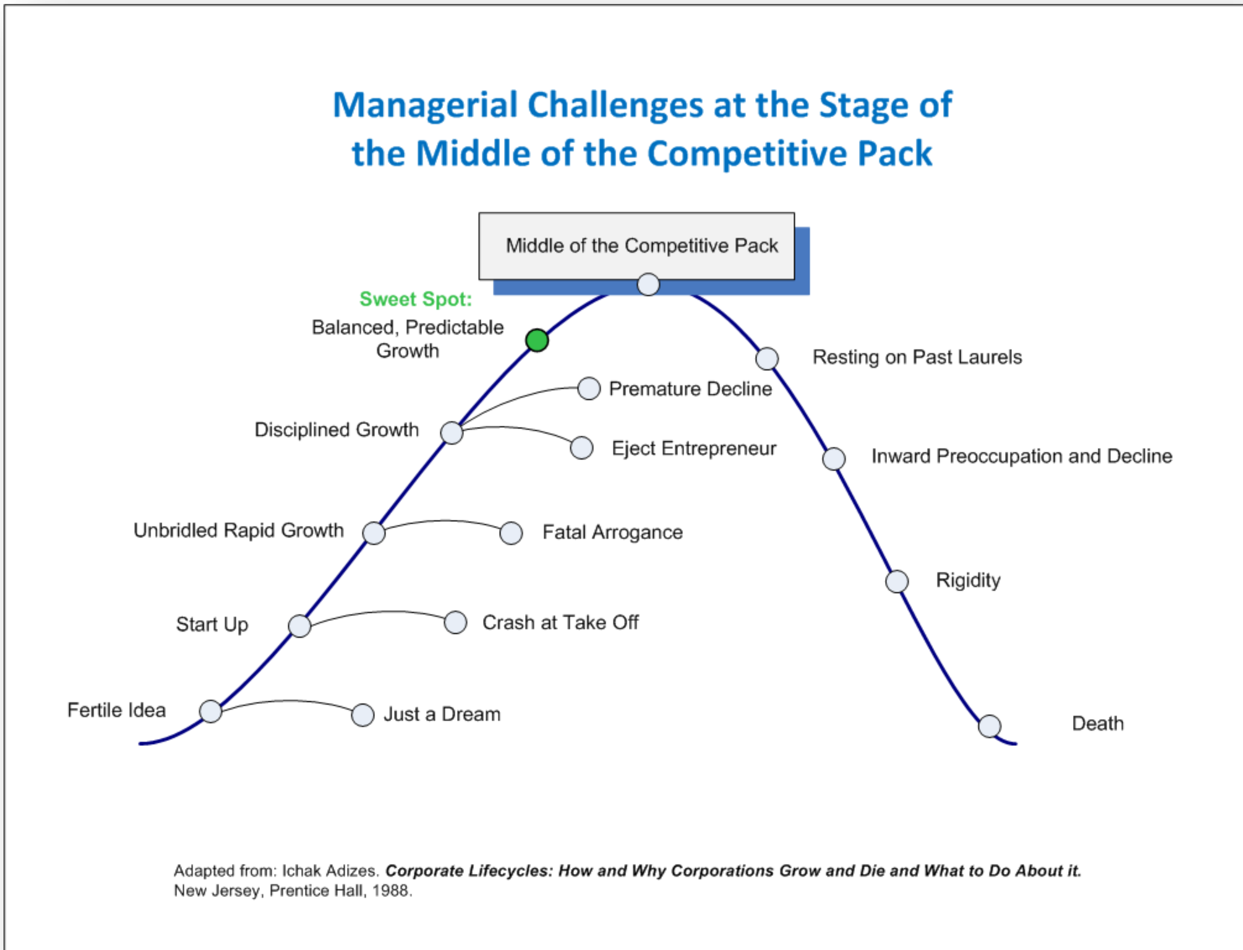


The so-called "Sweet Spot" is a delicate balance between all four of the roles that enables the organization to continue to anticipate and adapt to the current and emerging needs of its customers. The organization plays where it can win and avoids competitive opportunities where it cannot be one of the top performers (reminiscent of Jack Welch's strategic principles when he led GE). The Team Developer role is critical to enabling the different roles to contribute in a balanced way. One of the enablers of this balance is the effective use of strategic management and alignment among senior executives and other key stakeholders to focus energy on the priority efforts and prevent the pursuit of initiatives inconsistent with the intent of the current business strategies. The organization is efficient, effective, innovative, and maintains its competitive advantages.

Typically at this stage, the challenge is also to manage a diversity of people, products, services and initiatives. Senior executives decentralize decision-making down to the appropriate levels of the organization where executives have the right information and accountabilities to effectively manage the Brand, product line, or service offering. These are also the best conditions under which to organically start new, adjacent businesses. (The challenges of growth through acquisitions at any stage of development is worthy of an entirely separate discussion).

The all-encompassing challenge at this stage is to keep all of the roles vibrant and in relative balance. Not everyone possesses the healthy paranoia of Andy Grove necessary to be vigilant about evaluating and adjusting the balance. If senior management reduces its intense scrutiny, mediocrity can begin to seep into the organization's performance and they will find themselves in the next stage of development: "Middle of the Competitive Pack."

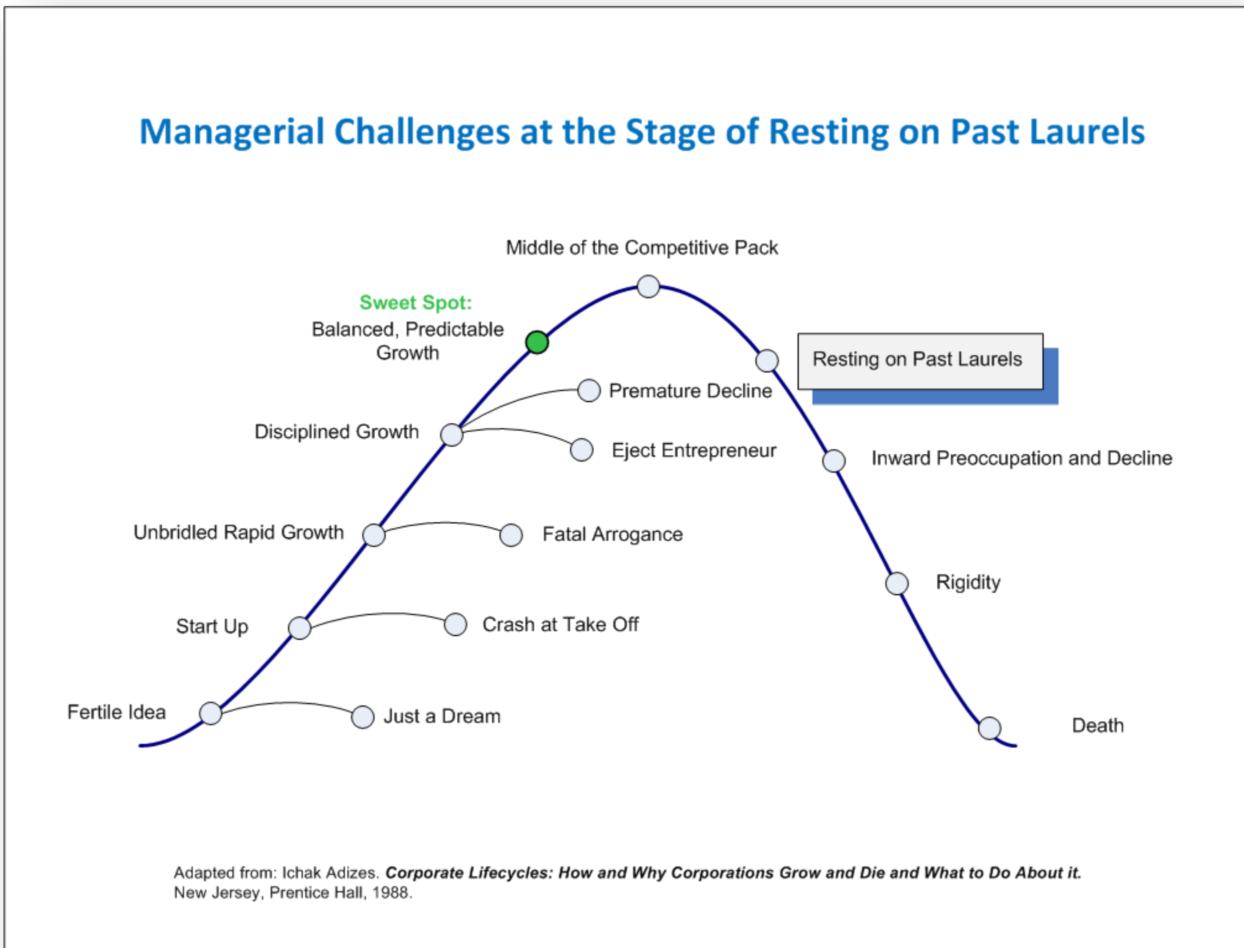
Middle of the Competitive Pack



There is a subtle difference now, often as a result of a period of sustained success. Think of this as an automobile driver taking his or her foot off of the accelerator and allowing the car to coast. There is a slight reduction in speed, but no one seems to mind. The entrepreneurial energy for looking for new possibilities begins to wane, risk aversion quietly increases, and the short-term financial controls become a little stronger. Developing a sense of urgency to increase the entrepreneurial capabilities of the organization will be difficult. Most members of the tribe who do not possess strong entrepreneurial motives are quite happy with the ride. It will be difficult to influence key executives to consider anything other than incremental changes. Meanwhile, the competition has caught up with many of their products or services, and they are less distinguished and less preferred in the market place.

This is the beginning of the "boiled frog syndrome" - the metaphor describing the image of a frog's ability to accommodate its body temperature to gradual surrounding environmental changes in temperature. The metaphor suggests that if one could raise the temperature of the water surrounding the frog gradually enough, the frog would continue to accommodate and not jump out of the pot until it was boiled alive. Apparently there are conflicting scientific reports about whether this is feasible in reality. Regardless, the metaphor has left an indelible impression on anyone exposed to it about the potential insidious affects of changes that are gradually accommodated to over time and the increasing threats or danger that go undetected. At times, it is as if the organization is quietly being lulled to a happy sleep. If not addressed, the growing, subtle complacency of the tribal leaders and the resulting shift in the dynamics among the organization's capabilities mark the beginning of the decline of the business.

Resting on Past Laurels



The continued loss of externally-focused, entrepreneurial attention to opportunities and long term vision and aspirations for the business is increasing being replaced by the Organizer's internal focus on orderliness and predictability. The definition of success devolves and gradually becomes based largely on a comparison with the tribe's past performance, not on an external evaluation of where it stands vis-à-vis its competitors. As an external hire to become the President of Cereals transitioning to a major U.S.-based food company once complained to me, "No one knew Cereals was sick. Our brand managers were celebrating that we had successfully launched three new cereal products last year. They compared that with two product launches the previous year and two the year prior to that. Meanwhile, one of our competitors successfully launched five new comparable products and another launched seven. And we were celebrating!"

Probably the biggest loss in organizational capability at this stage is the external focus for new probable opportunities and the flexibility to pursue and learn from them. The Organizers increasingly focus on managing short term business results often to the expectations of the external investment analysts. Consistency and predictability in quarterly performance begins to trump a longer term vision of the possibilities of the business. Mistakes are to be avoided if one is to be considered for advancement, so few relatively uncertain innovations are pursued. Big bets are not even discussed. So there are few opportunities to learn new things. General managers display risk-averse behaviors. They act as if they are wearing belts and suspenders. There is no compelling longer term vision. Business planning and execution often feels like we are driving by looking in the rear view mirror. Management seems to hope the future will simply be an extraction and vector out of past conditions and trends. These companies often have piles of cash lying around because they are not certain how to invest it in new innovations without taking what is viewed by the culture as unacceptable risk.

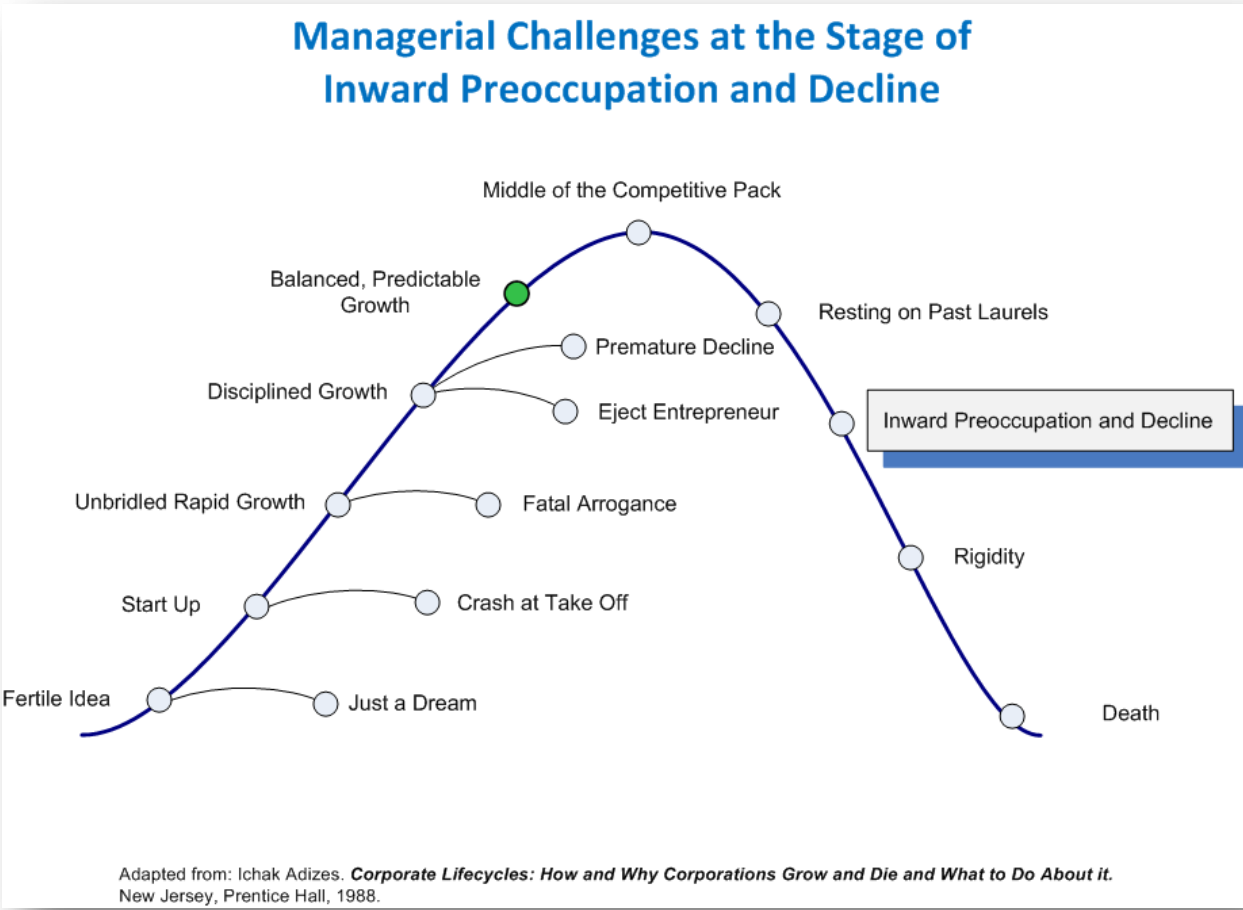
While short term performance is still important, the focus becomes more on how things are done rather then why. Woody Allen once said that "Eighty percent of success is showing up." In these companies, it is not uncommon to receive a commemorative plaque for attending a key meeting even though you did not contribute anything to the meeting of any significance. As a matter of fact, there is an enormous amount of time and energy making sure that there are many meetings to involve the right members of the tribe. Huge amounts of time are invested in the generation of CYA (cover your *ss) emails with detailed attachments. Clearly, activity is now confused with productivity. Meanwhile, the business continues to decline in its long term competitiveness. Without guidance, some of the Drivers have shifted their focus to completing tasks and getting their ticket punched. Unfortunately, few ask if the task was really necessary or a good use of their time and resources.

Well-intentioned Team Developers who have been acculturated to the organization's dominant culture at this stage facilitate meetings and projects without "asking if the emperor has any clothes." They also become prisoners of the preoccupation with the "right" activities and have often unconsciously collude with others in the organization to avoid potential conflict and embarrassment of others by not bringing the "undiscussables" up for discussion.

Even when driving looking in the rear view mirror, it has become apparent that our performance is substandard compared with our past accomplishments.

By the end of this stage, most, if not all, of the entrepreneurs have left. There is no inspiring vision to align emotionally to. There is no passion for the business. People are just going through the motions, in an almost dream-like, internally-focused stupor. Conformation is paramount. The light in the house is slowly dimming.

Inward Preoccupation and Decline



Blockbuster Video and now Sears, Roebuck & Company come to mind as examples of companies that were caught in a deadly maelstrom. They failed to adapt to disruptions in the market place. For Sears, over thirty years ago, the big traditional department store chains (including Marshall Field's, a Chicago icon) were beginning to erode competitively against specialty stores located more conveniently in local stand-alone stores. And then there was the advent of the internet and a plethora of various discount chains. At the time of this writing, the Chicago Tribune reports that: "A shareholder class action lawsuit has been filed against Sears Holdings alleging the company's plan to sell its prime real estate holdings (254 stores) to a trust controlled by CEO Eddie Lampert would strip the struggling retailer of one of its last remaining valuable assets, leaving it a debt-laden, money-losing renter in its own stores...The proposed

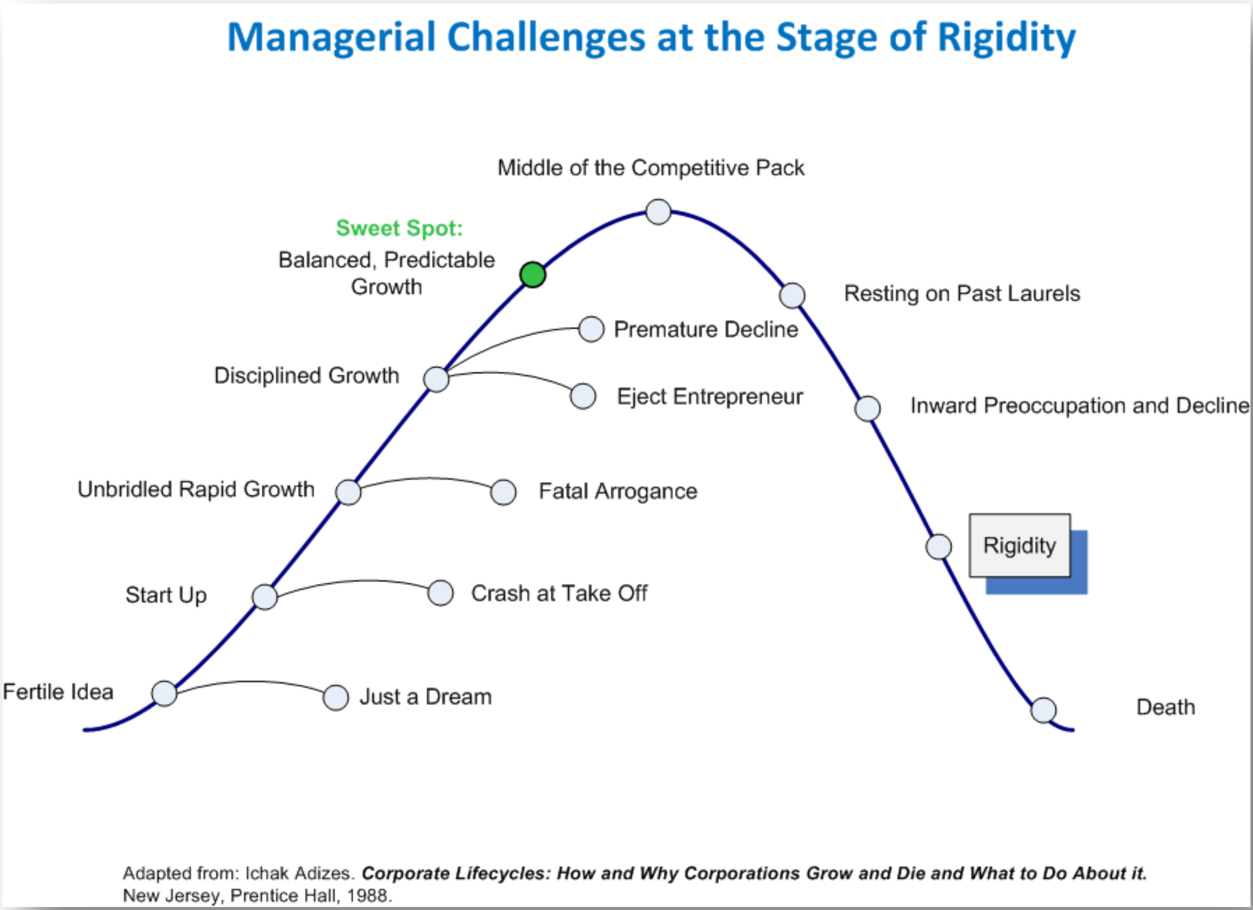
$2.5 billion sale, the suit says, will benefit Lampert at the expense of shareholders and hasten the demise of Sears, once a quintessential American retailer."[2]

This is a death spiral. Cost cutting seems to be the only solution instead of new revenue generation. In-fighting and "witch hunts" with the intent to blame others become commonplace among executives while trying to retain whatever equity or turf they might have. The options are often to either to eventually liquidate the assets or attempt a turnaround.

A turnaround would require reconnecting with the market place, making surgical disruptive changes to the organization, and getting people to focus less on who caused the problems and more on what to do to address declining market share, revenues, and profits. It would require redefining the business or the function and its purpose. These are not easy missions and ones that attract the top talent. More often than not, they simply die.

[2] Robert Channick, *Sears lawsuit alleges store sales to benefit CEO*. Chicago Tribune, June 1, 2015.

Rigidity



If the organization survives the previous stage and continues its decline, it enters the stage of Rigidity. The organization exists in a special set of circumstances where it is supported independently of the end-user market place. Think "government bureaucracy." Recent examples reported in the press are the dysfunctions of the U.S. Veteran's Administration mishandling of scheduling and delivering medical treatment to veterans. As long as the organization continues to meet the requirements of its funders (government) and regardless of the expectations or satisfaction of the end users of its services (veterans) the organization will continue to exist.

These are organizations where the culture created largely focuses on passive-defensive behaviors to keep employees from getting into trouble. Policies and standard operating procedures are followed, with few or no exceptions. Client, customer, or end user experiences are largely ignored in favor of following the rules. If you follow the rules, you can't get into trouble. And if they are in a public service union, under or non-performers are almost impossible to fire. I am sure you have a favorite bureaucracy that you hold near and dear to your heart for poor or nonresponsive service.

On a more humorous note, other examples include the "Department of Chairs" in Mel Brook's movie *The Twelve Chairs*, a satirical commentary on the dysfunctional nature of stereotyped communist bureaucracies, or "Central Services" and the "Ministry of Information" depicted in the 1985 movie "Brazil," written and directed Terry Gilliam of Monty Python fame. *Brazil* is described by Jack Mathews, film critic and author of *The Battle of Brazil* (1987), as "satirizing the bureaucratic, largely dysfunctional industrial world that had been driving Gilliam crazy all his life".[3]

Implications for the Three Waves of Change^{SM} Transition Coaching and Consulting Process

If the senior executives of an organization do not understand the larger context of the challenges their organization faces due to their place in the business maturity cycle, few others will. On the left hand growth side, the need for increasing controls and a careful constructive tension and balance between the four roles should be a continuing point of assessment as we select tribe members and establish practices with which we make decisions and manage the business. On the right hand side, we need to ask ourselves if we have created systems, processes and a culture that stifle the very entrepreneurial behaviors that are the only source of providing new life blood and opportunities in new markets or have we allowed the Organizers to gradually make us inflexible, short-term focused, risk-averse, and passive as we slowly decline.

The overarching "growing pains" or challenges to the business' sustainable growth can be anticipated by assessing the overall business and its primary components (BUs, functional departments, etc.) against a model of the Business Maturity Life Cycle. This is valuable because often key organizational players have lost sight of the inherent challenges or problems in managing the business that are typically characteristic of their position on the life cycle. So, for example, business people in the throws and excitement of "Unbridled Growth" do not see the increasing need for controls, common systems, processes, boundaries, and clear accountabilities. As a result, with key players improvising and making decisions on the fly, the inconsistencies and promises that cannot be kept add up until the business reaches a tipping

[3] Matthews, Jack (1996). "Dreaming Brazil". Brazil (Media notes). Gilliam, Terry (Director). The Criterion Collection.

point and there is a crisis. On the other side of the business maturity life cycle, members of a very mature business do not have a sense of urgency for renewing the growth of the business as the business continues to lose competitive advantage, market share, and ultimately profitability.

Stranger in a Strange Land

There is value in sensitizing the transitioning executive early in Wave 1 if he or she has spent most of his or her career in organizations that tend to be a one stage of development and are transitioning into a senior management role for an organization at quite a different stage of development. Entrepreneurial executives need to be prepared to be patient as they enter an Organizer-driven "Resting on Post Laurels" organization and ensure that they create the necessary space and freedom that they need when facing the challenges any pioneer would face when they are potentially out of sync (hopefully intentionally) in their attempts to bring some passion to the business and renew its vigor.

On the other hand, someone who has enjoyed the balanced roles of the "Sweet Spot" or the "Middle of the Pack" organizations needs to be prepared for the absence of established processes and supportive resources in an organization in the midst of "Unbridled Rapid Growth." This will also require patience, and starting where the inherited stakeholders are, rather than where you want them to be, and bringing them along in a non-embarrassing, and ideally empowering, way.

Finally, the framework is also useful for assessing different sub-organizations within a company. The leaders of different departments or business units can strongly influence the current functioning of their respective organizations along the business maturity life cycle. For example, risk-avoidance functions such as accounting and the legal department may tend to behave as if they are on the right side of the curve, while e-commerce and e-marketing functions may tend to operate as if they are on the left side. Awareness of differences can avoid conflicts and even lead to appreciation of what a very different culture and way of doing business can contribute to your organization and the large overarching business.

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Segue

In Book 3, we will begin to explore how entering the new role in Wave 1 is the challenge of the transitioning executive's Momentum meeting the Presenting Situation and the established network of relations. The importance of assessing and managing Momentum is discussed in Books 3 through 5.

