

Scaling Up...A Focus on the Fundamentals

Lisa Hamilton Ridley, PCC & Gazelles International Certified Coach

Two years ago, 15 women CEOs came together with a common goal for their businesses: to learn the tools and disciplines that would allow them to accelerate their growth and ultimately, achieve annual revenues of \$20M. Since only 1% of women-owned firms reach revenue of \$1M¹, and only 8% of *those* exceed revenue of \$10M², these women had already surpassed the majority of their peers and were aiming to widen the gap.

The 15 CEOs were part of an initiative launched by The Committee of 200 (C200), an invitation only membership organization of successful women entrepreneurs and corporate leaders. The primary mission of C200 is to foster, celebrate and advance women's leadership in business; as an outreach of that mission they launched The C200 Protégé Program. C200 membership requirements for entrepreneurs is restricted to businesses with revenue of at least \$20 million and each Protégé hopes to someday join the organization.

The Protégé Program

As the business coach selected to work with the C200 Protégés, I based the program curriculum on the Gazelles Four Decisions™ methodology created by Verne Harnish, author of *Scaling Up: How a Few Companies Make It... and Why the Rest Don't* (Rockefeller Habits 2.0). The Four Decisions™ refer to the critical decisions that growth companies must get right in the areas of People, Strategy, Execution and Cash.

Over the past two years the Protégés have learned and applied tools in each of these four decision areas – too many tools to mention here. However, there are a few fundamental steps that were vital to each Protégé in the results they achieved. In fact, as you review these you may be tempted to dismiss them as *too* basic; yet while most executives know about these steps the reality is that very few utilize them effectively.

Step 1: What's the Plan?

Using Gazelles One Page Strategic Plan (OPSP) during our first 2-day workshop together, each CEO began drafting their business plan for growth. If you've ever built a house or done a major remodel, you know the importance of a detailed blueprint and project plan. Can you imagine trying to coordinate all of those subcontractors – plumbing, electrical, masonry, etc. without a specific plan? As someone who has just survived an 18-month process in building a home I can attest that even with a great plan, the process is fraught with opportunities for lost productivity and communication failures on the way to achieving the final goal.

Yet depending on the source, estimates are that more than 80% of businesses operate without a written business plan. Crazy, right? I believe, (and evidence supports) that nothing happens on purpose and in a sustained manner, without a both a plan and a process to achieve that plan. So why don't more businesses have a plan?

¹ 2012 U.S Census Bureau

² Growing under the radar: An Exploration of the Achievements of Million-Dollar Women-Owned Firms, Commissioned by AMEX OPEN

Having worked with hundreds of executive teams, most of whom had no written plan when we started together, I have heard a number of excuses: too busy, not enough time, by the time we make a plan things have changed so it's just not worth it, etc. One main reason is simply that it can be difficult to know where to start – and if started, the failure to adopt a proven process to execute and achieve that plan leaves the team feeling that it was a waste of time. Gazelles One Page Strategic Plan simplifies the planning process and provides a straightforward roadmap for the entire executive team to follow.

Step 2: Define Your Vision – or as Jim Collins calls it, your Big Hairy Audacious Goal™. Think of this as the compass for your business, the specific and visual destination that answers the questions, where are you going and what is your business going to look like when you get there? The most common mistake made when articulating the vision is to simply pick a revenue goal. While there's nothing wrong with including revenue as *part* of your vision, revenue alone is simply a goal, not a vision. For the vision to be truly impactful it should answer the question, "how is what we do valuable to a set of customers who will buy what we offer?". C200 Protégé Lucie Voves, CEO of Churchill Classics worked with her team to define the vision that both answered this question and would provide inspiration to her employees. Churchill Classics provides high quality diploma framing. Their vision? *By 2020: One million achievements proudly framed for the world to see.*

I've found that most business leaders grossly underestimate how important it is to not only define their vision, but to then share this vision and the plan to achieve it with their employees. Believe it or not, employees very much want to know what the vision is for the organization and to understand the part that their role plays in achieving it.

Step 3: Identify Your Core Values. Nothing will align your employees and define your culture more powerfully than clearly articulated and continuously reinforced and celebrated values. And just to be clear, these are not aspirational values – these are the values that represent who we really are as an organization and the behaviors that we expect of ourselves and our colleagues. That said, too often I see companies with what I call "generic values" – integrity, honesty, passion, excellence – well, you get the picture. Don't get me wrong, these are all great values; the problem is they are so common and broad that they don't mean the same thing to all employees.

An alternative is to change up how values are stated and shared, using what I call Tag Line Values. The nice thing is, these are really easy to identify: simply ask your team, "what are the stories that we celebrate, the stories we tell about ourselves when we are at our best, when we are most proud of who we are and what we've accomplished?". Sometimes you might need to prime the pump and give them an example or two and then the stories will start flowing. When you capture these stories you'll begin to see some recurring themes. Then simply select the three to five themes that best represent your culture

For example, when CEO Brent Bennett, Spectra Management, took his team through this exercise the team identified the following story as one of their values: Spectra had just moved into beautiful new offices and there was a small section of the wall in the conference room that the painters had missed, creating an unfinished look to their main public meeting space. A few weeks after the move, Brent was standing outside the conference room venting his frustration about how long it was taking to get this fixed. The next day when Brent came in, the wall was painted.

When Brent thanked his assistant for getting it taken care of, he found out that the painters wouldn't be coming in till later in the week. So who painted the wall? Turns out a new employee had overheard Brent and taken it upon himself to take a paint chip, go buy the paint, and come in early in the next morning to paint the wall. Wow. So one of Spectra Management's values is "We Paint the Wall". And when employees learn the story behind this tag line they immediately understand that the Spectra culture is one where initiative and ownership of problems is just part of how they do things. They never say "it's not my job" – if they see a need, they jump in, follow through and take care of it. And the best part? Once employees hear the stories they don't forget them and they understand instinctively the behaviors that are expected of them. Can you say the same about your core values?

Step 4: Adopt a process to Execute Your Plan – The Three Disciplines of Execution.

1. Priorities: In order to achieve your vision, what are the key objectives that you need to achieve in the next 3 – 5 years? What initiatives do you need to accomplish this year? What needs to happen this quarter to achieve your annual goals?
2. Metrics: What metrics should you be looking at on a daily, weekly and monthly basis? Not just the financial metrics, but the productivity and qualitative metrics that tell us you're optimizing efficiencies and taking care of customers (both internal & external).
3. Meeting Rhythms: Establish consistent daily, weekly, monthly, quarterly and annual meeting rhythms. The right meetings will improve communication, productivity and teamwork; they will effectively grease the wheels to progress in achieving the plan.

The Results

Over the past 2 years, in addition to the on-site workshops deepening their learning of the Gazelles tools, the Protégés have worked together in small learning groups via telephone, they've consulted one-on-one with a C200 mentor and have attended periodic webinars from a variety of thought leaders.

The results? In the first year of the program, the Protégés revenue grew an average of 68.7%, while profit increased by 27.5%. After two years, cumulative revenue growth exceeded 24%, while profit grew a substantial 39.5%. One Protégé achieved the \$20M goal and left the program to join C200; an additional Protégé is on pace to achieve that goal in 2016.

Just goes to show what a focus on the fundamentals can achieve.

Lisa Hamilton Ridley, PCC is a Certified Gazelles International Coach who works exclusively with entrepreneurial teams who are serious about growth.

For more on details on the Gazelles process and additional free tools and articles to scale up your business, go to www.gazelles.com or www.compassgroupcc.com.