Common sense solutions that enhance enterprise value

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A view of corporate life cycles and the continued search for Operational Effectiveness

All companies evolve at different rates. At some point, during their life cycle, each hits a ceiling. The life cycle of any business enterprise as outlined in Larry Greiner's works identifies six distinctive growth stages experienced by all companies. The rates at which they reach the stages vary, but the cycle is indeed predictable. The six stages and their description follow:

- **Growth through creativity**
    - Young and relatively small companies have a very agile and fluid structure, with passionate employees
    - The fast growth comes with challenges as the company attempts to build infrastructure to coordinate and control
    - The corporate infrastructure must be improved to keep pace
- **Growth through Direction**
    - Leadership remains the responsibility of the entrepreneur, but middle level management is required to facilitate processes
    - Middle managers require greater authority and the leader must delegate, and empower the management team
    - The Autonomy crisis is born
- **Growth through Delegation**
    - The process of decentralization begins
    - The enterprise begins a more strategic thoughtful operating structure
    - Tactical and Operational issues become the responsibility of managers
    - The entrepreneur steps back and delegates to mid-management
    - Coordination of disparate groups and teams leads to communications errors and inefficiencies
- **Growth through Coordination and Control**
    - Recognizing the need for collaboration, the company focused on coordinating the various divisions to create systems and processes designed to integrate groups
    - There is a very fine line between coordinated departments through excessive management and too much autonomy
    - At the extreme, the results can range from Chaos (too little oversight) to Micromanagement (excessive controls)
- **Growth through Cooperation**
    - Executives understand the need for collaboration and improved communications
    - The organizational Hierarchy is challenged as management attempts to find a common working platform and improved standards and controls

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- **Growth Through Alliances**
  - Collaboration and consulting by key alliances
  - This stage is marked by the company's eagerness to partner for growth and better processes
  - The greatest challenge at this stage is a loss of identity or a cultural crisis

As a business leader, you probably have experienced some or all of the above. Hitting the ceiling is a critical tipping point. As you reach the ceiling, one of three things will occur

- you adapt and push forward
- you flat line
- you wither and die

The choices you make at these critical junctures determine the very fate of your company. Leaders must face the difficult questions head on as to how committed they are to navigate this course.
Do they have the vision, people, processes and metrics to identify and push through the challenge? Do they have the resolve and persistence to adopt best practices and push through the inherent resistance people have toward change? Do they have the humility to admit their own deficiencies, become authentic and embrace the minds and spirit of their team?

Great companies embrace the challenge and push through. They are able to rise above the chaotic, frenetic and exhausting issues which confront them daily to find a path forward. In truth they step back, take a broader purview and identify the root cause of the problems, recognizing that unhealthy growth has caused them to wander from that which made them successful when they were a smaller organization.   A smaller company is less complex, and in many ways, infinitely simpler to manage. Hitting the ceiling occurs when we grow beyond our previous capacity and fail to adapt. The causes vary, but usually some of the following cause us to falter.

> Losing their corporate compass
> Outgrowing their processes
> Outgrowing their structure
> Failure to create accountability
> Mismanagement of their metrics
> Failure to communicate effectively

Leadership must be able to simplify their operations, and recreate focus on those areas which drive the highest gain. Identifying the root cause is fairly simple, providing you can squeeze enough precious time to step out of the day to day. Actual execution is much more challenging and a longer more difficult journey. It is akin to stopping a large ship entering the harbor too fast. It is about getting back to basics, revisiting those disciplines that caused you to get off track in the first place. You must stay the course, understanding that this is not a quick fix and requires patience and persistence if you are to prevail. The answers can be found in the organization's "operating system"

The best companies possess a single-mindedness of purpose and an ability to filter out distraction. It causes a motivated and mobilized team to act at all times in support of the vision.
~Don Hahn

The Operating System

Aside from the obviously necessary character traits and the emotional intelligence referenced above, much more is required for companies to sustain momentum and to break through the inevitable ceilings.

You must have an operating system by which the company is managed. When we say operating system, minds quickly turn to software offerings such as MRP, ERP, CRM or software implementers such as Oracle, SAP or IBM.

In this context I am referring to a deeper discipline comprised of best practices, developed over the years by the best business minds. Assembled in a seamless integrated business approach, this operating system is a philosophy and culture woven into the very fabric of your company. It is an operational system that creates focus, alignment and accountability at every level within the enterprise. Communications and focus are two of the greatest operational challenges businesses face.

Running an organization can be likened to piloting a 747; many moving parts create distraction and reduce efficiency if you fail to focus on the Key Metrics. Glancing in the cockpit as you board a 747, it's impossible not to be overwhelmed at the "busy-ness" pilots must overcome to navigate successfully. The dozens of dials and instrumentation is overwhelming. We proceed to our seat with a newfound respect for the pilots and are awed at their ability to make sense of it all. In fact, there are really only 6 key components that a pilot fixates upon to keep the plane flying. * Certainly the remaining dials and data points have value in so much as they aid in determining the root cause should one or more of the 6 dials falls out of acceptable range. The 6 key components however is what they must focus on to keep the plane flying. The associated dials are used to conduct a deeper dive into specific problems indicated by the Dashboard.

* In 1929, Jimmy Doolittle became the first pilot to take off, fly and land an airplane using instruments alone, without a view outside the cockpit. In 1937, the British Royal Air Force (RAF) chose a set of six essential flight instruments which would remain the standard panel used for flying in instrument meteorological conditions (IMC). They are:

- altimeter (feet)
- airspeed indicator (knots)
- turn and bank indicator (turn direction and coordination)
- vertical speed indicator (feet per minute)
- artificial horizon (attitude indication)
- directional gyro / heading indicator (degrees)

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We must adopt a dashboard similar to that of the aviation community if we hope to navigate successfully. Focus on the important items, manage very high level KPI's that measure and predict the health of the organization, and insure we communicate, delegate and empower.

Operating systems

A business or operational process is an organized set of activities or tasks that produces specific predictable results.
Every organization has a handful of processes such as hiring, operations, customer service, sales, recruitment, quality, finance, etc.

Unless these systems are simplified, communicated, integrated and managed, each of these processes tends to act independently. The result is lack of cohesion, lost focus, lack of synergy and confusion. The downstream affect is felt by employees, customers and stakeholders alike.
Every business undergoes some version of this process. Some companies are better at integrating these processes than others. Operational excellence becomes a competitive advantage for those small to mid-size companies that learn to do this well. Each component of your operations process must be managed, measured for efficiency, and tested for effectiveness. Then and only then can these processes be deployed and followed by all. What is needed is a single system, functioning similarly to a conductor orchestrating a symphony , providing a unified and synchronous approach, adopted by all.
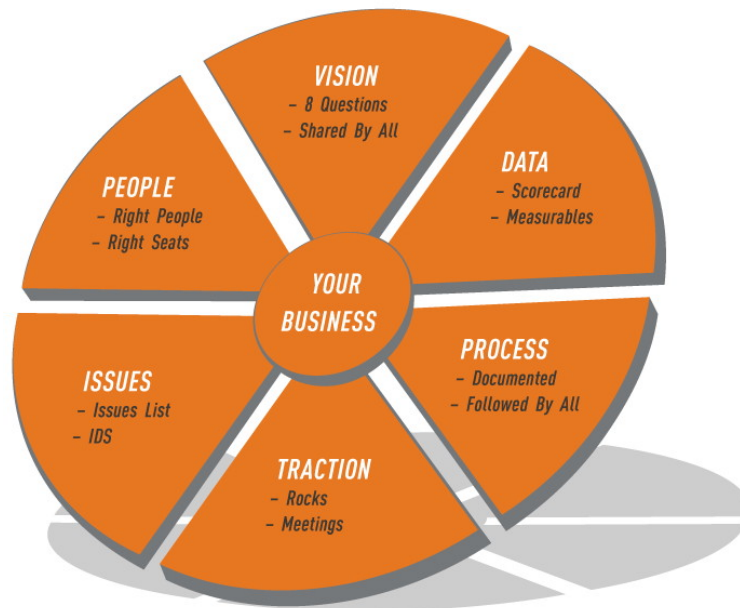
Entrepreneurial Operating System® (EOS®)

EOS® is a comprehensive sequence of 6 components that act as your dashboard and keeps your business flying true. EOS was developed by Gino Wickman, while a member of the Detroit EO chapter in 2008. The system has been embraced by over 56,000 companies across the globe and is facilitated by over 250 EOS implementors worldwide and has been known to be a game changer

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THE EOS MODEL™

As your organization grows, so too does the complexity. The complexity grows exponentially, however stressing the organizational infrastructure, challenging the current skills of your people and creating chaos as we attempt to stay ahead of the change .

> Do you feel like the old processes, which served you so well for so many years, don't work anymore?
> Do you go home from work questioning whether you really moved the ball forward today?
> Do you scratch your head, asking why no one in the organization is accountable?
> Do you question why no one takes initiative?
> Are you tired of dealing with the same issues every day without really making head way?

Understand you are not alone. Your business has taken hold of you and your people, and you are no longer feeling in control. Get back to basics, get out of the weeds, and define your destiny.

EOS connects vision to tactics. The components required to successfully implement EOS are a combination of simple, proven tools that have been successfully deployed for decades and created by the greatest thought leaders of our times;   Jim Collins, Patrick Lencioni, Verne Harnish, Michael Gerber and Simon Sinek, just to name a few. EOS is a systematic process that integrates best practices, offering clarity of purpose, alignment of departments and a focus on high gain, mission critical initiatives.

Simple? Yes   Easy? Not at all   Worthwhile? Absolutely

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So, how does EOS work?

> ~We begin by clearly identifying and communicating your vision
> ~We evaluate your personnel, insuring you the right people in the right seats
> ~We identify and communicate clear metrics using scorecards to create accountability at all levels
> ~We identify the root cause of the issues you repeatedly face, over and over again, and solve them… once and for all
> ~We simplify and communicate your key business processes, insuring they are followed by ALL
> ~We prioritize your key initiatives (Rocks), distill your long term strategy into a 90 day tactical focus
> ~We establish clear accountabilities, and actionable to-do's

The end result is a remarkable system resulting in a single-mindedness of purpose and an ability to filter out distraction. It causes a motivated and mobilized team to act at all times in support of the vision.

The journey is a year-long process, at best. It is not training, nor is it consulting. EOS is a process facilitated by expert EOS implementors. The implementor is responsible for helping you chart these waters and helping you to weave this philosophy into the very fabric and culture of your company. Once adopted it becomes your competitive advantage.

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