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Riding gazelles

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At the end of 2009, I voluntarily resigned as an executive officer of **Orion Energy Systems Inc.**, a company that grew 549% over a four-year period. During this time, the company also debuted on Nasdaq and, at one point, reached a market capitalization of over half a billion dollars. Less than 10 years earlier, I was on the management team of another fast-growing company that we took from startup to public.

I'd love to say that I am now retired but, alas, such is not the case. I will say, however, that I feel much wiser from these experiences and have observed striking parallels between them that may be helpful to other executives.

Test, refine and embrace success. As with many entrepreneurial ventures, the business plans for both companies were obsolete before the last page exited the printer. This was not a breakdown -- it was simply not possible to be rigid in planning and execution. The key to success in the early days was assiduously testing and refining ideas through real-time interaction with the market. Mistakes were acceptable as long as they were on a small scale. They helped guide company formation almost as much as successes.

The process at both companies was not for the fainthearted. Many people left during these early periods, complaining of the ambiguity and "cowboy" cultures. However, if either company would have rigidly stuck to executing its original business plan, it never would have "cracked the code" to growth. Jim Collins in his book "Built To Last" describes this phenomenon: "In examining the history of visionary companies, we were struck by how often they made their best moves not by strategic planning, but rather by experimentation, trial and error, opportunism, and -- quite literally -- accident."

Communicate corporate vision. Given the ambiguity and the rapid changes in strategic direction, formal planning was futile in the early chapters of both companies. The risk was that teamwork would dissolve and that employees would begin pursuing disparate agendas. To prevent chaos, both companies leveraged strong statements of corporate vision. Similar to **Google Inc.**'s vision statement -- "to organize the world's information and make it universally accessible and useful" -- both companies had compelling, rallying narratives about what they were trying to achieve. People were imbued with a sense of purpose -- they understood why their long hours, low pay and frustrations mattered.

For instance, Orion was in the energy efficiency and renewable-technology market. The vision was simple -- we were going to take our customers "off the grid." It wasn't always clear how we were going to accomplish that, but the mission was understood, and creative juices were unleashed.

Move early to tighten up, but do so gradually. Both companies, through nimbleness, creativity and luck, found pathways that resulted in explosive growth. What were once small, intimate enterprises easily managed by their visionary CEOs, quickly scaled into more complex and difficult-to-manage businesses. The operational foundations and control structures at both companies were immature at best. The strong corporate visions that worked well in the past were no longer sufficient. The time for traditional management tools and techniques had arrived, but like cell antibodies attacking pathogens, the entrepreneurial cultures at both companies were poised to repel such intrusions.

Like Apple Computer Inc. in the mid-80s when John Sculley came in to replace the entrepreneurial Steve Jobs, both companies struggled immensely during this pivotal period. One core challenge was divisiveness. Some people argued for traditional structure and processes while others fought doggedly to preserve the entrepreneurial ethos that had originally spawned success. The tension was accentuated by the overwhelming drumbeat to "get professional" emanating from the board and outside investors. Not only were there real threats to replace management with "professionals," but there were also edicts to implement strategic plans, budgets, forecasts, enterprise resource planning systems, customer relationship management systems, workflows, policies, etc. ... all at once! As you can imagine, the work environments became untenable with some of the best performers saying "to hell with it" and leaving.

In retrospect, both companies would have benefited if management would have begun formalizing operations earlier in the growth cycle and then proceeded gradually. By starting early, they could have tested and refined approaches to structure and process, keeping the scale of mistakes small and embracing successes. However, by initially fighting against tighter operational controls, both companies had changes forced upon them by circumstances and outside forces -- never an optimal situation.

Invest in your people. The best place to begin instituting structure and process is in recruiting, developing and managing people. It is no secret that the quality and cohesiveness of a company's workforce strongly correlates with success. However, when growth is hot and people are overwhelmed, such sound approaches to human capital fall by the wayside. Hiring becomes a "get 'er done" task focused on filling an empty seat rather than finding the best and brightest. Training for the new hire becomes nothing more than a "sink or swim" exercise in frustration. Effective delegation and management is viewed as too time consuming, and ongoing coaching and development is viewed as a luxury. The negative cycle only accelerates when some of the poorly considered new hires wash out and the pressure builds to backfill open positions.

The board, CEO and executive management should make it explicitly clear that recruiting and developing a high-caliber workforce is a corporate priority that is measured and remunerated. The selection process should be rigorous, with multiple interviews with key people across the company, and focused on candidate's concrete accomplishments, handling of adversity and comfort with ambiguity. However, diligent hiring is a fruitless exercise if equal consideration is not applied to acclimating and training new hires. Although this is rarely the case, having a new hire wash out should be a shameful and potentially career-limiting experience for the manager in charge.

Prepare for re-entry. Like gravity, the fact that rapid growth will eventually slow is an immutable law. Sometimes this is due to missteps, but more often than not, it is part of the natural evolution of a company's life cycle. The challenge is that rapid growth is addictive and damaging withdrawal symptoms can surface when it begins to taper. Employees, suppliers, customers, partners and others may begin to suspect that something is broken and thus open themselves to other options. Executives lose confidence fearing lost mojo, and their self-doubt is absorbed by their ever-perceptive staff. Competitors seize the opportunity for some cheap shots. If executive leadership isn't careful, slowing growth will feed upon itself, and the company will find itself in real trouble.

The problem is rooted in the original temptation to trumpet growth above all other measures of success. Accordingly, the solution lies in moving away from growth as the reigning metric. Highlighting exceptional customer satisfaction ratings or "Supplier of the Year" awards will signal that the company continues to serve its customers well. Promoting new product launches and new patents will communicate that the company continues to innovate. Efficiency measures and return on investment calculations demonstrate that the company operates well and manages its resources. If done properly, growth should become just one of multiple measures of company health and success.

Thinking about rapid growth may seem like a fanciful notion given the persistent weakness in today's economy. However, I am optimistic that market conditions will soon improve and that a crop of new companies will enter into high-growth mode and that some not-so-new companies will regain their growth postures. Of course, savvy business leaders can use this relatively quiet period to their advantage, addressing many of the issues above and preparing their organizations to effectively deal with the chaos of growth.

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