



# A Special Report on

# THE 7 STAGES OF GROWTH



## STAGE 4: MANAGING THE MANAGERS WITH 35 – 57 EMPLOYEES

# STAGE 4

## MANAGING THE MANAGERS: 35 – 57 EMPLOYEES

### SPECIAL REPORT ON THE 7 STAGES OF GROWTH

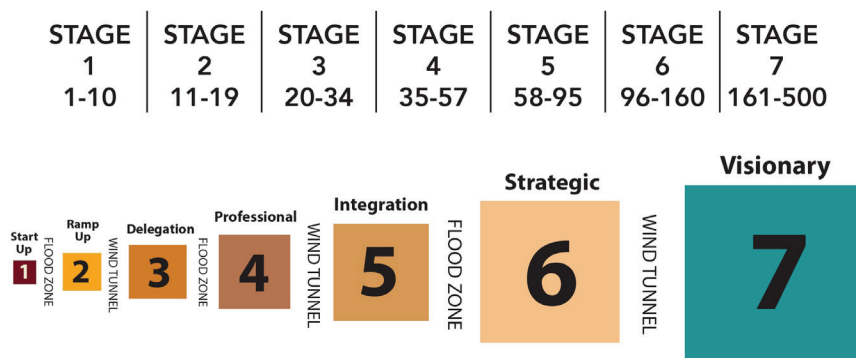
**Nicely done!** You have successfully grown your company to Stage 4. During Stage 1, you developed a business model that works. In Stage 2, you ramped up your sales, production/capacity and staff using your proven business model. In Stage 3, you transformed your business from CEO-centric to Enterprise-centric to allow the business to grow larger. Now in Stage 4, it is time for you to become more focused on the operational needs of your company, overseeing a team of executives who will transition the company into a professionally run organization.

This Special Report is based on our proprietary and highly effective 7 Stages of Growth business model, developed by James Fischer. Fischer created the 7 Stages of Growth business model based on extensive research of entrepreneurial companies. His research demonstrates that as companies add more people, the complexity level of the organization increases. This report contains critical information that will help you:

1. Predict how growth will impact you.
2. Adapt your leadership skills, knowledge, and insights to your specific stage of growth.
3. Focus on the right things at the right time.

Because each business and its team are unique, this Special Report may contain some information that does not apply to you and your business, but most of it will. We hope you find the takeaways helpful.

#### THE 7 STAGES OF ENTREPRENEURIAL GROWTH



## STAGE 4

### MANAGING THE MANAGERS: 35 – 57 EMPLOYEES

#### What you are probably experiencing:

As a Stage 4 business in the Professional phase, you are likely experiencing a number of the following. If you are not, it may be an indication that the company has not yet matured into a Stage 4 business.

AREA	DESCRIPTION
<b>Employees</b>	You have 35 to 57 employees.
<b>CEO/Founder</b>	You find yourself having to manage people more than being the Specialist you used to be. The fun of growing the business might be fading as you encounter more and more people challenges. You may be experiencing some entrepreneurial burnout.
<b>Team</b>	You have 2 to 3 executives and 6 to 8 managers. You have a team that is adjusting to the new level of complexity and the significant changes that occurred in Stage 3. You are probably experiencing the pain of not wanting to let go of long-term employees who no longer fit.
<b>Climate</b>	As the business continues to grow, you have reached a level of activity that is challenging the entire team. We call it a Flood Zone.
<b>Business Model</b>	You are using a successful business model but you continue to explore other market opportunities.
<b>Systems</b>	Routines and systems are evolving. But, you have a sense that they could be significantly improved and much better documented.
<b>Cash</b>	Cash is tight as working capital needs grow from increased sales volume (A/R, Inventory increases) and payroll.
<b>Focus</b>	You're learning how to balance your need to make all the decisions and trusting your new managers to manage their departments.

When you enter Stage 4 in a Flood Zone, the level of activity can be very difficult to manage. You will be tempted to throw more employees into the mix. Resist that temptation by focusing on making your systems more effective and efficient.

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### Your primary goal:

As you grow into Stage 4, your primary goal is to become more focused on the operational aspects of your company by transforming the business into a professionally run organization built on a professional team of managers. How do you do this?

1. You raise-up or hire knowledgeable, experienced and successful professionals to head your major functional areas (production, sales, marketing, finance/accounting, IT, HR, etc.).
2. You affirm, encourage and support them as they find their way, develop confidence in their teams and their roles and build strong departments, put in place operational processes and management systems.
3. You help them by encouraging, welcoming, respecting, considering and using their input and collective intelligence.

### Strategic & Leadership Perspective

As you move into Stage 4, your job is to help your managers gain confidence in their roles and help them learn the value of tracking and measuring results. Your team should recognize the importance of improving workflow in order to capitalize upon efficient systems and processes. Knowing where you've come from is not as important as knowing where you need to go. The best way to engage your team in identifying obstacles is to sign up for a Stages of Growth X-Ray™.

The X-Ray provides your managers with the ability to put words to issues and identify how to solve those issues. The 7 Stages of Growth business model is built on a few key theorems. One of them is: what you don't get done in any stage of growth doesn't go away. Your ability to successfully navigate forward depends on your ability to address the non-negotiable rules of the previous stage of growth. Our practice is filled with examples of companies that neglected the challenges of the previous stage of growth and they continued to struggle – wasting time, resources and money. The Stage of Growth X-Ray has a different set of non-negotiable rules for each of the 7 Stages. Understanding what those rules are for you in Stage 4 is literally, non-negotiable.

To be an effective leader in Stage 4, you need to help your organization understand what your growth plans look like. "How big do we have to get?" is a typical question leaders face as the company moves beyond that feeling of family and moves into a more complex environment. Becoming skilled in consistent communication that help employees embrace change instead of fearing what change brings, is a critical skill you need to learn as a leader in Stage 4. By focusing on team buy-in, effective project management and fixing systems and processes to keep the company efficient will yield success. By continuing to care about how your people are responding to the changes growth brings, you'll avoid the pitfall of letting good employees feel undervalued and underappreciated. Listen to what your employees are saying. Let them know their input counts.

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### Your biggest challenges & most important activities:

As a Stage 4 company, your biggest challenges will probably include at least three of the following. We have provided several actions you should consider to overcome the challenges.

CHALLENGE	ACTIVITIES TO MEET THE CHALLENGE
<b>Project Management &amp; Resource Coordination</b>	<ul style="list-style-type: none"> <li>• Identify critical processes. Begin to identify them by function (e.g., financial, HR, project management, etc.).</li> <li>• Hire and/or train experienced managers to build strong department/functions by creating powerful documented systems and a strong sense of team.</li> <li>• Develop a project management template. Train your staff on how to use it. Then, use it!</li> </ul>
<b>Difficulty Diagnosing the Real Problems or Obstacles to Growth</b>	<ul style="list-style-type: none"> <li>• Identify key performance indicators and create processes to ensure they are being tracked and measured.</li> <li>• Encourage open dialogue – get to the truth of an issue in order to guard against only hearing what people think you should or want to hear.</li> <li>• Get advice from outside sources (who are not tainted by what is normal in the business).</li> </ul>
<b>Employee Turnover</b>	<ul style="list-style-type: none"> <li>• Supervisors should know the goals, needs, desires, expectations and dreams of each direct report.</li> <li>• Develop emotionally intelligent managers so they know how to relate to, connect with and coach their direct reports.</li> <li>• Develop a plan to obtain employee input. Work the plan. Implement their suggestions as much as possible.</li> </ul>
<b>Not Able to Quickly Get Systems in Place</b>	<ul style="list-style-type: none"> <li>• Think systems instead of people when you are dealing with growth issues. Don't make assumptions that you need more people – look at solving problems through better systems.</li> <li>• Make sure you can articulate a plan for growth that includes people, processes and profits.</li> </ul>
<b>Organization Needs to Understand How the Company Will Grow</b>	<ul style="list-style-type: none"> <li>• Intentionally communicate to all employees on a monthly basis about key challenges, successes, competitors and products – help them to see the bigger picture.</li> <li>• Take the time to conduct a company-wide health assessment survey to find out what your employees really think about critical aspects of the company.</li> </ul>

All of the above are part of the business maturing from an entrepreneurial makeshift organization into a professionally run organization. They are necessary to help your team develop management systems that help you and your managers control the organization from a bird's eye view.

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#### Tools you should be using to build your business:

As the CEO/Founder, you should be wearing the following leadership hats to lead the team.

LEADERSHIP COMPONENT	DESCRIPTION
<b>Leadership Modality</b>	<ul style="list-style-type: none"> <li>• <b>Facilitative</b> - This piloting-oriented modality is best capsulated by, "Let's head in that direction. How can you help us get there? How can I help you take us there?"</li> </ul>
<b>Roles</b>	<ul style="list-style-type: none"> <li>• <b>Manager</b> (managing people) – 70%</li> <li>• <b>Technician/Specialist</b> (doing the stuff) – 20%</li> <li>• <b>Visionary</b> (creating, revising, casting) – 10%</li> </ul>
<b>Leadership competencies</b>	<ul style="list-style-type: none"> <li>• <b>Adaptability</b></li> <li>• <b>Organizational Awareness</b></li> <li>• <b>Service</b></li> <li>• <b>Developing Others</b></li> <li>• <b>Teamwork &amp; Collaboration</b></li> </ul>
<b>Builder/Protector Ratio</b>	<p><b>3 to 2:</b> You are effectively handing over the reins to capable managers, so it's important that you maintain confidence in their ability to perform while maintaining a stronger than usual Protector mindset to balance a certain amount of inexperience.</p>

During Stage 4, you need to increase your leadership skills and knowledge in order to oversee a team of professional executives. As such, your leadership modality should be Facilitative. Your Specialist role is diminishing (20% of your time) but you must continue to understand how well your product or service is meeting the needs of the ever-changing market and constantly evaluate if the products and services are solving customer problems. Now is not the time to be a Visionary (10% of your time); you need to focus on getting your team ready for Stages 6 and 7.

During Stage 4, you should be hiring professional guns. These are people who have extensive experience and success in a functional area. Stage 3 was a big adjustment, as learned how to effectively delegate. Delegation continues in Stage 4 as you allow experienced managers to step up and take on more and more responsibility and decision-making authority. Continue to provide direction without overstepping their authority, but don't allow them to rely on a "what worked before" attitude. When they want your direction or opinion, your response should be, "How do you think we should handle that?" Instead of having all the answers, encourage others to think on their own.

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The Builder/Protector Ratio (BPR) is a measurement of Confidence vs. Caution. It is a critical tool to help assess the business's ability to accept change, respond with confidence to change and successfully navigate the change. Builders thrive on risk, are always looking for new opportunities and do not cower to the overwhelming issues that confront them every day. On the other hand, Protectors thrive on caution. They prefer to apply the brakes (and should be encouraged to do so when appropriate). In Stage 4, because you have hired experienced managers and are delegating more and more decision-making to them, the Protector mindset should be slightly less than the Builder mindset.

For Stage 4, the Builder/Protector Ratio is 3:2 – 3 Builders to 2 Protectors. As you work hard to allow new managers to step up and manage their operations, it's important to let go and let these experienced employees utilize their knowledge. But, even experienced managers must learn how the company works, how problems are dealt with, how issues are resolved and how decisions are made. Thus, you need to maintain a certain amount of caution when monitoring progress. Management systems need to be in place to catch mistakes before they cause major problems.

Your managers' goals should be to build their own departments to a level where it is operating effectively as its own entity, with a strong team, confident in what they provide the company and how they deliver upon their promises. The departments are focused on understanding, developing and delivering a set of goals and objectives for their respective department. Of course, these goals and objectives need to line up with the company's goals, but the focus right now is building strong, stand-alone departments with capable management.

### Five non-negotiable rules for Stage 4:

There are five non-negotiable rules for each stage of growth. The effective completion/implementation of these five rules increases the likelihood for continued survival and financial success.

AREA	NON-NEGOTIABLE RULE
Management	Hire and/or train professional managers who are responsible, accountable and proactive.
Departments	Let your professional managers create strong, performance-driven departments that are focused on serving internal and external customers.
Systems	Allocate 5 to 10% of gross revenue to identify, acquire/develop and implement new systems.
Systems	Establish core strategy processes, management control systems, operational processes and people processes.
Project Management	Establish a project management system and template.

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#### Building blocks that your business should have or be creating:

Each growth stage has foundational building blocks that must be created and set in place in order to successfully navigate that growth stage and to be prepared for the next stage.

FUNCTION	BUILDING BLOCK
<b>Management Systems</b>	You should have a performance management system that addresses objectives, goals, measurement, feedback, evaluation and rewards. You should also have a project management system and templates.
<b>Financial System</b>	Your financial system should include profit plans for each department, financial modeling, cash flow forecasts and dashboards to track critical information.
<b>Team/Staff</b>	Your hiring system should help you identify the skills that are needed and then help you find, recruit, select and hire great employees. You should have a plan for each employee describing expectations, outcomes, performance measurements and actions that will be taken to help him/her succeed.
<b>Marketing/Sales</b>	You should have a well-defined sales and marketing system that your salespeople are using. It's time for a major upgrade of the sales system and probably your CRM system. You should have a customer intelligence system to stay abreast of your customers and the market.

Processes are very critical when a company has outgrown the CEO's ability to keep his/her fingers in all aspects of the company. Your company has outgrown the potential of any one person managing it. You are no longer able to catch all problems before they occur and make all of the decisions. Processes will become your best friend as you grow. In this stage, review all processes to determine if they still provide value and the control you need to prevent or catch errors quickly.

If you don't establish these foundational building blocks during Stage 4 (or the building blocks required in prior Stages), it will make navigating to Stage 5 (and subsequent Stages) much more difficult. In fact, if you do not establish them in Stage 4, your growing pains (difficulties and challenges) will continue to increase until you scream "Uncle!" – and take the time to establish them. So, get these in place now and you will avoid the delays and headaches associated with trying build on an inadequate foundation.



## STAGE 4 MANAGING THE MANAGERS: 35 – 57 EMPLOYEES

### Getting Ready for Stage 5:

You will move into Stage 5 (Integration) when you reach 58 employees. The transition from Stage 4 to Stage 5 usually involves another Wind Tunnel – the letting go of methodologies that no longer work and acquiring new ones that do. Your key to success will be how ready you are to help the organization shift from a department focus (where each department is focused on achieving its own goals) to a company focus (where all departments are working together to achieve company goals).

### Summary

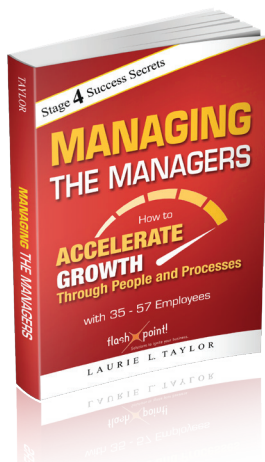
FlashPoint! was created to help companies just like yours navigate the challenges that are typical for a Stage 4 organization. We have designed programs, services and tools that are directly tied to the issues faced by Stage 4 leaders. By focusing on your specific stage of growth, you are better prepared to identify the obstacles to growth.

Visit our website <https://igniteyourbiz.com> for additional resources.

**Stages of Growth X-Ray™:** A facilitated workshop with a CEO and his/her management team that gets to the root cause of critical issues in order to create alignment, engagement, and create action plans that get implemented.

<https://igniteyourbiz.com/stages-of-growth-x-ray/>

**Zeroing in on Your Company's Profit Zone™:** A financial literacy facilitated workshop with a CEO and his/her management team that helps every person in the organization understand how, what they do every day, impacts the company's bottom line. This program is about raising awareness and educating your employees on the 9 activities that impact a company's ability to be profitable. <https://igniteyourbiz.com/zeroing-in-on-your-companys-profit-zone>



Looking for a more in-depth understanding of how to address the challenges for your Stage 4 Company? Click on the image and purchase your stage-specific book today!

**PURCHASE NOW**

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#### Laurie Taylor, president/founder, FlashPoint! LLC

Laurie Taylor, founder of FlashPoint! helps CEOs with fewer than 500 employees, uncover the hidden agents that are creating obstacles to growth. With an effective arsenal of tools, properly used, Laurie can help a CEO ignite a business, propelling it to profitability, productivity and exceptional performance.

Having taken a company from 2 to over 100 employees and up to \$12 million in sales, Laurie's experience in leading and managing a growing organization and dealing with a downturn that almost sent the company into bankruptcy, she understands the challenges and the ups and downs of business ownership.

While working with James Fischer, the researcher behind the [7 Stages of Growth](#), Laurie became convinced that James' model provided CEOs with a crystal ball into their past, present and future – allowing a CEO and his/her management team better predict how growth would impact the company.

As a speaker, author, trainer and business advisor, Laurie works with companies to introduce them to the concepts of the [7 Stages of Growth](#). She has spoken to over 4,500 CEOs in the past 4 years. Laurie's community of Growth Curve Specialists are experienced advisors certified and trained in the concepts and programs from the [7 Stages of Growth](#). [The Stages of Growth X-Ray™](#) has been delivered in 11 countries and over 2,000 businesses have been introduced to the unique research-based ideas of the [7 Stages of Growth](#).

Laurie is the author of a series of books on the Stages of Growth which help business owners zero in on the specific challenges of their current stage of growth.

All of her books can be found on her website [www.igniteyourbiz.com](http://www.igniteyourbiz.com) and on Amazon.com under her full name Laurie L Taylor.

**[Survive and Thrive:](#)** How to Unlock Profits in a Startup with 1 – 10 Employees

**[Sales Ramp Up:](#)** How to Kick Start Performance and Adapt to Chaos with 11 – 19 Employees

**[The Art of Delegation:](#)** How to Effectively Let Go to Grow with 20 – 34 Employees

**[Managing the Managers:](#)** How to Accelerate Growth Through People and Processes with 35 – 57 Employees

**[Leadership Integration:](#)** How to Cultivate Collaboration from the Top Down with 58 – 95 Employees

**[Fostering Happy Employees:](#)** How to Ensure Staff Alignment and Engagement with 96 – 160 Employees

**[Visionary Leadership:](#)** How to Recapture the Entrepreneurial Spirit with 161 – 500 Employees