A Business Report for CEOs

Leadership for Growth & Scale-Up: Going from 25 to 100 Employees

By André Du Sault, MBA (LBS), MPA (Harvard) and Yanouk Poirier, ADM.A, MBA
Management and project coordination: André Du Sault et Yanouk Poirier

Artistic direction: Dominique Tardif, Picoté studio graphique

Dépôt légal : 1er trimestre 2018

Bibliothèque nationale du Québec
Bibliothèque nationale du Canada

Guidelines on key steps, obstacles and key decisions.

Scaling from start-up to emerging champion remains one of the most rewarding, yet most difficult leadership challenges. Here is how to do it and how it works.
HOW TO READ THIS REPORT

In the next few pages of this document, we will carefully go through what is important and how leaders should execute their growth strategy and scale-up. This document sums up what we have developed for leaders and managers to help companies growth. You may wish to zoom in on the sections that you are most keenly interested in. However we suggest you take the time to read every section, underlining topics and sections that represent a challenge or a missed company objective. That would be a good starting point and a constructive strategy to follow through with Steps 1 and 2.

You can then try to understand why you have underlined some of the content. If, on the other hand you have no problem with any of the content submitted to you in this document, we humbly suggest reading it again. But this time, ask yourself how you would precisely execute the steps in your particular work environment and what obstacles stand in the way. If you are unsure about the strength of your organization or what might unlock value within it, consider carrying a quick diagnostic.

For simplicity and fluidity of presentation, we have chosen to use the terms HE and HIS throughout this text. It is understood that the use of the pronoun HE really means the masculine and feminine he/she, and the use of HIS means the pronouns his/her. There is no intent of discrimination.

PEER REVIEWS: COMMENTS FROM CEOS

‘Really well done, I wish I had read this report 25 years ago.’

‘Congratulations for this great work’.

‘Great compendium, excellent summary of leadership issues around all operational aspects of a company in evolution’.

‘I hope many CEOs find inspiration in this excellent document when they are wondering what to do!’

‘We suggest you expand this article into a full length book’.

‘More than just a good read! This report cuts through the clutter and is a back-to-basics tool helping any entrepreneur focus on the essentials’.
Born Global!
How to transform and grow to compete in a digital economy?

I have spent the last 20 years creating and growing many companies, and developing projects that impact society. I see myself as an entrepreneur at heart with a fair dose of emotional intelligence as well as someone who believes that we should open our mind and work in a collaborative fashion when facing the future. I also strongly believe in leadership, vision and humility to follow the best practice that is available to grow your company and scale-up.

I am currently a partner at Leaders International, an executive search firm with offices across Canada and I am a member of a global network called Penrhyn International. I have the privilege of leading the global practice Leader for Technology, Media, and Telecommunication and I play an active part in the financial practice group. We maintain a keen interest in the fin-tech startups that are disrupting all the old models. At Leaders International, we are particularly well positioned to witness the changes that are affecting the codes of leadership.

Lately, I was approached by André Du Sault to join him in his new project: “Yanouk, I want to write a business report for CEOs and I want to emphasize leadership for growth & scale up”. Leadership is at the heart of our activities, and it is with this first sentence that I decided to collaborate in the writing of this extended white paper.

Contemporary leadership issues range from enhanced competitiveness, to the scale-up of any organization to build new champions, to digital transformations that are sweeping many industries. These topics are all pertinent today and they are changing the practice of leadership.

I have the wonderful opportunity to spend my days meeting brilliant people in interviews who think of ways to transform the future and the system, and who manage complex matrix teams. They have faced many challenges in the course of their careers and hold numerous insightful lessons.
I listen attentively to their stories and this makes me reflect on my own journey as an entrepreneur. I believe we now have a tremendous opportunity to embrace change with the wholesome technology that facilitates communications, globalization and digitalization. We can create new ways of working together and growing new business models. As such, we also need to develop the leadership for the future executives and ease the path of leaders who are directing new digital strategies.

Before writing this document, we met many CEOs, executives and entrepreneurs who run regional, national and global companies. On each occasion they spoke of leadership, talent, vision and the transformation of their business model. We wish to thank them personally for their time and precious advice!

As an entrepreneur, I believe the Business Report for CEOs is a complete guide for anyone who is keen on building the future. We wrote the document simply in the hope of making a difference and helping burgeoning CEOs. We believe that the report will provide practical tools and much food for thought.

It may also well be the spark that will light your fire. Hopefully it will help you craft your own vision and prepare you for scaling up! To build the future, we should be thinking differently. As David L. Rogers explains in his book The Digital Transformation Playbook: “The digital transformation is not about updating your technology but about upgrading your strategic thinking”. In this new era, I believe one should have the same reflection about how to grow one’s company and reach the next level of leadership.

Consider that every single new company is now born globally by virtue of its ability to access the world through the internet and the ease with which they can leverage a host of partnerships.

YANOUK POIRIER, ADM.A, MBA
Managing Partner | Leaders International

Please feel free to provide your comments and share thoughts that would complement the online 2.0 version at yanouk@leadersinternational.com.
How do you build new business champions?

How do affiliates of multinationals compare with private companies of the same size, particularly in the range of 100-200 employees? This is an interesting comparison that has puzzled me for a while. I worked 13 years as a head office delegate for Novartis, a well-established Swiss multinational. Head office delegates are responsible for raising management standards in the affiliates of the group to which they are assigned. They encounter a wide range of work environments, local practices and company sizes. They must be adept at bridging cultural gaps, implementing inspiring management practices and taking the right strategic decisions. Outsiders often scoff at large companies, but there is great deal of excellent management and leadership practices inside their walls that have been honed over the decades. Granted they may at times appear to be slow to adapt to new conditions, but by and large the best ones implement strong templates for high performance and leadership development in all their affiliates, even the smaller ones. On the other hand, and however good they are at operational excellence, they still find it quite difficult to develop an intrapreneurial culture. The many standards and procedures necessary to hold the group together usually end up tempering any entrepreneurial and innovative spirit. It surely remains one of their serious challenges.

I have also spent the last 12 years working with start-ups and a wide variety of SMEs. I have taught many executive MBA classes in strategy and innovation at the Centre Laurent Beaudoin, in which students needed to complete hands-on projects in SMEs in the range of 100-200 employees. My indirect and direct observations coupled with the many diagnostics completed by students over 10 years have led to me to some preliminary findings:

› In general, management practices in local private companies appear to be significantly weaker than what we can find inside affiliates of multinationals, notably in marketing and in the workings of executive committees. This usually comes as a surprise for executives moving from multinationals to the private world of SMEs. There is thus plenty of room for improvement in the performance of these private companies.

› On the other hand, CEOs of SMEs can be a lot quicker to respond to new market opportunities despite cranky organizations. Focus, speed and agility often win in the marketplace. However lack of rigor and poor organizational standards will often cap their growth. Many CEOs are simply not properly trained in building a high performance organization, whereas executives in foreign affiliates are quickly molded to do so.
I have also consistently observed that smaller organizations, nearer the level of 20-30 employees, often make the same mistakes in their attempt at scaling up. Survival of the fittest may be at play, but I suspect that a great many SMEs could survive this difficult scale-up phase if only proper training and coaching were provided at critical moments. There is no doubt that if we increased the graduating rate of companies reaching 100+ employees, we would stand a better chance of building more national and international champions.

Hence the purpose of this position paper, which aims to clarify the critical steps, obstacles and decisions in the scaling of companies comprising 20-25 employees to a more competitive level of 100+ employees, the starting point of emerging champions. At 100+ employees, it is easier to tackle larger growth projects, hire ‘A’ players, make acquisitions and raise finance. However, this scale-up is a difficult growth phase for entrepreneurs. It has not been particularly well studied despite a few good works of reference. Our experience tells us that the number of employees is a better proxy than the size of revenues to identify difficult management issues and scale-up obstacles. Digital companies notoriously display a lower headcount than traditional ones for the same dollar revenues, but they nevertheless do not escape the same scale-up challenges in this range of 25-100 employees. For this project and in collaboration with Leaders International, we have jointly interviewed more than 75 executives in Quebec, including a wide variety of CEOs and SME experts. Readers should be grateful for their observations and insights that are shared in this report. With permission, they have been quoted. All interviews lasted at least 60-90 minutes. We are particularly grateful to Bernard Voyer, whose leadership experience transcends generations and situations. Please read his insightful letter on the next page. Jean François Lalonde, Vice Dean and Director of the Laurent Beaudoin Executive Center of Université de Sherbrooke, has been a great supporter of the project and adds a few comforting words for entrepreneurs.

We used our extensive executive experience with small, medium and large organizations to organize the content of this report. Overall this white paper, written for CEOs, represents a comprehensive executive summary on the challenge of scaling up companies, as recognized by experts in the field. Many parts will highlight established benchmarks and are complemented by sound advice based on field experience. At the same time, the report also offers a rather unique structured agenda for success in scaling up, on a step-by-step basis. This should allow CEOs to identify current weaknesses and plan for corrections. In some cases a more complete diagnostic might offer the way to identify the pressing issues. This report should serve as a useful reference for the young ambitious CEO willing to undertake the demanding, but extremely rewarding, journey to becoming a champion in their industry. It has been reviewed by a dozen of senior executives and CEOs.

ANDRÉ DU SAULT
SDA Conseil | MBA (LBS), MPA (Harvard)
Leadership for growth and scale-up

Are you the CEO of a company? This means that you are no longer at base camp, but have reached a higher camp. Let us call it Camp 1.

You will, of course, understand that I will convey images and use words that I am familiar with. The contrast with ascending a mountain will soon render its meaning as you take the next steps forward.

You have managed to reach Camp 1 because you were able to get past several obstacles:

› You took the decision to commit
› You chose your first summit
› You organized and planned for this first phase
› You even raised finance
› You assembled your first team, and companions for the cordée
› You set the date and hour of departure
› You set yourself up at base camp, with the looming challenge before your eyes
› You updated your strategy
› And as you took your first step, you soon encountered the teasing of vertigo
› … and so on.

And here you are, at Camp 1. You can enjoy the view over the next step, contemplating the itinerary to climb higher and reach Camp 2.

But the call to carry on will not be that easy. You are feeling happy to have made it safely to Camp 1. It is even rather comfortable at Camp 1. But you are well aware that the next effort will be more difficult and require more willpower: the slope is just plain steeper, the temperature is colder, the wind stronger and crevasses in the ice field look larger.
You have nicely overcome the usual fears triggered by the first steps in the journey. At Camp 1 your self-confidence in your means and competence is now giving you plenty of assurance. But, then again, as you peer once more at Camp 2, nagging doubts somehow return anew.

Even though the summit remains exactly the same as when you looked at it from base camp, you now notice and experience a change in your immediate surroundings. Perhaps at this point some of your cordée members may entertain second thoughts about climbing further. Others may feel eager to carry on, but may lack the crucial competencies to do so. Right then and there, you must pull from your backpack all the leadership abilities that were discreetly stored inside. On a dime, you become the expert climber and psychologist that you must be: putting forth the actions to resume climbing, calling upon the common engagement to succeed and uttering the words to convince your team to reunite all the individual abilities in a greater whole. By experience, you know the latter will turn out to be your ace during your journey.

Your challenge has now become how to merge altitude with attitude.

As your roped group resumes the journey, the spirit of ambition surges again. But remember, it is at this precise moment that humility must take over your thoughts. I have so often said to myself that however large were my palms, they could not stop the wind.

Happy journey,

Be prudent but aim high.

BERNARD VOYER O.C., C.Q., M.S.M.
Explorateur-conférencier
Solid advice for small growing companies

I was literally and pleasantly surprised by this report. The authors managed to put together enough content in a format that usually takes a full textbook to cover. This is a very useful and insightful document for leaders of small organizations. It presents in a clear and succinct way some of the best practices to nurture growth in these organizations. Easy to read and browse through, it is based on a qualitative study of 75 CEOs and SME experts. Leadership is hereby identified as a central contributor to the growth of small enterprises and a great deal of specific advice is presented in this report. In Quebec there are only 5000 companies with more than 100 employees\(^1\), all the while a quarter of a million companies employ less than 100 employees. Sustained growth is a real challenge for a great majority of them. The best thing about this report is that it offers solid strategic advice for all executives of smaller companies who must handle a host of management issues. Without any reservation, they should read this report.

Good journey,

PROF. JEAN-FRANÇOIS LALONDE, PH.D.
Vice Dean and Director of the Centre Laurent Beaudoin of the Université de Sherbrooke

---

A ROADMAP TO BECOMING A CHAMPION

STEP 1. PREPARING YOURSELF FOR SCALING-UP
First, what should you have before you scale up beyond 25?
1. What is your leadership and decision-making style?
2. Do you consider yourself a good market strategist?
3. What is your “managing people” style?
4. What is your best learning style?
5. Can you truly build a vision?
6. Do you find yourself improvising?

STEP 2. THE ART OF CRAFTING YOUR MARKET VISION
Defining your market vision
1. Understanding your market positioning
2. Understanding your customers’ behaviors
3. Crafting a unique value proposal
4. The first branding exercise

STEP 3. INCREASING YOUR PIPELINE OF PROFITABLE PROPOSALS
A true commercial strategy
Frequent mistakes and traps
The art and science of managing sales
International business development: new possibilities, new riches and new risks
Innovation: creating new value for your customers

STEP 4. SHAPING YOUR ORGANIZATION’S IDENTITY LIKE AN ARCHITECT
Purpose
Strategy and edge
Investing in culture and values
Building your second team and hiring
The temptation of your first acquisition
STEP 5. SETTING STRUCTURE, OPERATING PRINCIPLES AND FOUNDATIONS...

The high-wire act: balancing business development and structure
How will your organization function: the key operating principles
The right foundations for lean departments
What you need to get from your finance dept and how to build a great one
Believe it, what can HR do for you?
Managing IT and the dreadful ERP
Managing the complexity of patents and IP for tech companies

STEP 6. GETTING FUNDS AND GROWTH CAPITAL .............................................................

Three common mistakes in financing
The 3 main financing options you will encounter for small companies:
1. Government programs
2. Bank loans
3. Equity

STEP 7. YOUR NEXT LEVEL OF LEADERSHIP ........................................................................

Leadership challenges you will face
1. Knowing yourself as a leader
2. Sticking to 4 critical values, notably integrity
3. Team leadership is the next step: the art of delegation
4. Facing the stretch: leadership skills to build the organization and become a chef d'entreprise
5. Transiting to a new leadership style
Advisory committees

STEP 8. MANAGING AND LEADING AT 100+ EMPLOYEES..............................................

10 benchmarks
How to balance performance, agility and innovation
Leadership and values at 100+ employees

CONCLUSION ............................................................................................................................................
This report is written for CEOs and executives of small and growing organizations, between 25 and 100 employees. This paper looks at the 8 steps that you will face on your scaling-up journey, highlighting both the obstacles and key decisions involved. They are presented in a loose but self-feeding sequence that has worked well for companies that have reached the level of 100+ employees. By all means we hope that you will find a measure of inspiration to prepare for the challenge.

This study will serve as well for smaller organizations between 10 and 25 employees, as a set of guidelines for the future. Leaders and executives of companies with more than 100 employees might also question some of their existing practices and take this opportunity to upgrade them.

The main findings of our study are the following:

› Building a new organization is a lot more difficult than taking over an organization with the goal of improving it. Because this is rather a special and unique challenge, give yourself the space and means to grow your leadership for the task. The scope of leadership values and qualities definitely expands with the size of company.

› Combining a smart market reading with a strong commercialization plan is the bedrock for growth. We have seen scores of companies who take off once this is in place. Just be sure to buy the right strategic marketing expertise to serve as your springboard. Companies who follow this rule have largely benefited from their market potential.

› Remember, the traditional product-led marketing and sales is a well-laid trap and leads to frustration. Yet most companies embrace it with mixed results at best. Furthermore, it does not work well in the digital space where customer centricity rules. We highlight the most common marketing mistakes in Step 3.

› In all your major initiatives, whether as a growth venture or upon implementing a new important process, you will have to weigh speed against a minimum of analysis of the critical steps and success factors. At times speed comes first. However if you skip much of the initial preparation, you are likely to find yourself struggling in the swamp as attested to by many CEOs.

› How you build your top team around your values and vision will make a huge difference. High performance leadership requires a great execution team, delegation and empowerment of responsibilities and some form of engaging communication from you. The team must come to feel part and parcel of your vision if the team is to truly engage. In cases where there are 2 or 3 founders, the odds of succeeding will be on your side if all the founders’ skills are complementary and if you all share the same values. In such a way, you will make better decisions.

› At the level of 40-50 employees, you will face the following organizational issues: upgrading your top team, putting in place a second layer of management, introducing new HR practices, defining quality controls, facing conformity requirements, etc. Going beyond 50 employees requires a strong commercialization plan and the ability to devise new differentiation ideas.

› One of the keys to higher performance is the ability for the CEO to focus on vision and strategy, to empower his executive team and to delegate responsibility and manage results through accountability. This takes practice and guidance.
In the range of 50-100 employees, organizational development ought to become more professional. You will likely shape your growing organization under 4 axes: identity, structure, operating principles and foundations. This task will seriously stretch your leadership skills. As the main architect of your organization, you cannot delegate this responsibility but you should not hesitate to seek plenty of advice. We cover this leadership challenge in details in Steps 5 and 7.

As you reach the level of 75-100 employees, having a solid commercial strategy will make it far easier to develop the growth competencies in innovation, international business and mergers and acquisitions. You will draw on these competencies to fuel growth as you approach the level of 100+ employees.

Given the fast pace of changes, decision making must be timely. Companies are increasingly built to generate performance, agility and innovation. You should know what it takes to meet these 3 requirements. We provide an overview in this document. If you build your organization mostly by default, relying on a functional structure, you are likely to get average performance, limited agility and little innovation. You need to pay attention to identity, culture, structure, operating principles and foundations.

Start-ups in the range of 1 to 25 employees usually have to focus on a product vision that actually meets customer needs, until their business model stabilizes. The main objective in the 25-100 scale-up phase is about defining a strong market vision and commercialization strategy. Understanding market positioning, differentiation and customer behaviors will serve to build an effective marketing and sales organization. Beyond 100+ employees, the CEO should have the means to shape a clear industry vision, that is how he sees the company’s ranking amongst a host of competitors, small and large, local and foreign. Scaling up from 100 to 500 employees usually requires professional management and new capabilities in innovation stewardship and international fluency.
STEP 1. PREPARING YOURSELF FOR SCALING-UP

Company life at 20-25 employees can be rather comfortable: the tasks of managing employees, getting a deal flow, balancing profitability and cost structure generally are a little easier at that stage. You can usually manage it all during Monday morning meetings. Small daily blows can be attended to and you can turn your organization around on a dime. Yet at this stage most CEOs of small organizations will want to take a shot at getting bigger. Growing from 25 to 100 employees should increase the value of your company tremendously. At 100+ employees, your growth options are widened, you can hire top guns in every function at attractive conditions, acquisitions are no longer a matter of life or death, and corporate financing becomes easier. Once at 100+ employees, your industry vision can be limitless. You can do so much more at that level. On the other hand, this 25-100 growth phase turns out to be one of the toughest challenges you can encounter in management and leadership. You must simultaneously develop a savvy marketing strategy, build the foundation of your organization, shape a lasting culture, and learn extremely fast to avoid the fatal mistakes often encountered in this phase. You can dramatically increase the odds of success if you plan for these challenges, read this report and apply some of the outlined principles.

WHAT SHOULD YOU HAVE IN PLACE BEFORE YOU SCALE UP BEYOND 25?

At 20-25 employees you have shown that you have gained sales traction and execution capability, even though you are probably not yet fully organized inside the office. Basically, if you haven’t got a recurring business model at this stage, you are still in a start-up phase. Consider that a good business model includes these 5 elements:

› A well-defined market position with a good understanding of trends and customer behaviors in your segment.
› A clear value proposal linked to customer requirements and sufficiently differentiated to win market share.
› You should have at least a strong No. 2 and No. 3 in your management team. Although you call the shots, you do need reliable shoulders around you.
› You ought to have in place some processes to control quality when volume builds up. Otherwise you might just ruin your reputation and your commercial strategy with bad execution.
› Finally, you will need a finance strategy to get you off the ground, maintain liquidity and absorb the bumps on the road.

Scaling up before you have a strong handle on these 5 elements can be a risky venture.

TOUGH LEADERSHIP QUESTIONS FOR THE CEO IN TRANSITION FROM ENTREPRENEUR TO “CHEF D’ENTREPRISE”

Growing the business implies that leaders will be entering into unknown territory. Leaders, along with their businesses, must change their strategies, behaviors and processes. Change is the main operative word here and reinventing yourself will become the necessary end-result. This is why scaling up is such a demanding undertaking. Your ability to scale up will essentially depend on how you handle the following and rather personal questions.
1. WHAT IS YOUR LEADERSHIP AND DECISION-MAKING STYLE?

Plenty of employees, stakeholders and investors will be scrutinizing at your leadership style and your decision-making abilities. The following questions will address your persona since it will have such a bearing on your organization.

1) How do you make difficult decisions and handle yourself under pressure? Will you fold under anxiety and rush things out?; 2) How do you entertain the risk of failing?; 3) At critical crossroads, will you play poker and gamble on emotions, throw good dollars after bad ones, buy yourself a flashlight or cut loose in time?; 4) How will you surround yourself? Your core values will essentially determine who will sit around you at the executive table and how they will behave towards you. They will define the quality of your executive team; 5) What sort of values will you imprint on your organization? At first sight, values might appear rather secondary to you but they play a mighty role in building culture and they will guide decisions on strategic issues when uncertainty dominates.

In the course of scaling up, you will probably be called to significantly adjust your leadership style and make it more effective as the scope of your responsibilities widens. Single-mindedness and persistence, qualities that are highly admired in start-ups, can also turn into tunnel vision and isolation, less admired by institutional investors. It should prove worthwhile to participate in a private leadership workshop to identify signature strengths and any blind spots early on. Leadership assessment programs can teach you what competencies you may miss and clarify the tools and coaching that are conducive to change. Good leaders do that at every big step in their career. As a guiding rule, self-knowledge feeds into self-confidence and resilience. In turn, self-confidence enhances personal effectiveness, communication, risk taking and delegation.

2. DO YOU CONSIDER YOURSELF A GOOD MARKET STRATEGIST?

Finding a winning strategy in your market and building a smart marketing operation will be at the very core of your job. It is quite a challenge to build a coherent commercialization strategy that works in your target market with limited resources. Although there is art and science in marketing, it is relatively easy to buy marketing expertise. Your challenge is to recognize the right expertise and draw from new sources of imagination and resourcefulness. At one point you will also be in a position to clinch a big deal with a big customer, or make a big move (going overseas, doing an acquisition, etc.). Sharp deal making skills will come in handy to make the jump.

3. WHAT IS YOUR “MANAGING PEOPLE” STYLE?

Are you comfortable hiring top people and cutting off bad performers? How do you build and manage your executive team? To the extent that you trust people, you will have to decide what to control and what to delegate! Eventually, you might even need to delegate not only the stuff you dislike to do, but also the things you like doing! Managing people and communicating to engage your team members go hand in hand. Many CEOs assume their direct reports intuitively understand what they actually want them to do. You would be surprised how often this simple communication act breaks down. Whether in deal making, pitching to new clients, or when engaging your gang, you will need to be clear, persuasive and engaging with other parties. Effective communication skills are aces in your pocket: presenting, listening, persuading and negotiating. Make time to integrate agile communication meetings in your schedule.

4. WHAT IS YOUR BEST LEARNING STYLE?

There will be a lot of new processes to implement and how you tackle new things will at times be critical. Most entrepreneurs like to act before a new opportunity is fully analyzed because they learn fast on the job through trial and error. The benefits of quick execution are sometimes dampened by a great deal of problem fixing later on. For some riskier projects, skipping some steps will definitely put you in trouble. For Jacques Marchand, CEO of LaSalle College Montreal with international operations,

THERE IS A FINE LINE BETWEEN ADEQUATE PREPARATION AND FINDING YOURSELF IN A SWAMP, ILL-EQUIPPED AND TRYING TO SURVIVE. AND IT HAPPENS TOO OFTEN.
As most of the learning will be iterative, a minimum knowledge of the critical success factors and risks involved will put you on the right track. If you cut on preparation, you will likely lessen your odds of succeeding.

How much should you rely on your intuition? Good intuition depends on your accumulated experience, active sensors to recognize patterns and your instincts. It simply grows with time. Young CEOs might be at risk of mistaking intuition for deep emotions.

5. CAN YOU TRULY BUILD A VISION?

Can you gain sufficient perspective in your market and industry to craft an enticing vision for your company? Ed Siedlak, former CEO, believes vision lies at the center of CEO leadership.

VISION CANNOT BE TAUGHT,

he says. It is part of the talent benchmark. Leadership will be about implementing the vision, building the edge to do it, and engaging employees to achieve it.

6. DO YOU FIND YOURSELF IMPROVISING?

If you don't change the way you manage from 10-25 employees onwards and mostly improvise in your attempts to grow, you will likely make one or several of these 4 mistakes:

1. **Blind spot mistakes**: we all carry baggage filled with biases, known unknowns and questionable behaviors, that will at times lead you astray. For you, not recognizing them early on is the mistake to avoid.

2. **Sand trap mistakes** are small mistakes that will make you lose time and money such as a bad hiring, a lousy contract, a process poorly set in place, etc. They are part of the learning curve.

3. **Scale back mistakes** cost more, such as the loss of a big client, the loss of reputation, poor project delivery, inefficient marketing, a rough overseas venture, a disruptive innovation from a competitor, etc. Most growing companies suffer some scale-back episodes, though most episodes can be prevented.

4. **Black hole mistakes** will put you out of business, such as a big client going out of business and not paying you, losing control of your accounting, running out of cash, your bank pulling the plug, a disastrous acquisition, etc. How do they happen? It is often a combination of a blind spot, a major mistake and bad timing. What are you going to do to prevent them?

You are not alone, those take place in all growing companies! The business landscape is littered with failed companies. With this paper, we simply wish to prevent the awful feeling of “this was one of the worst decisions I have ever made”! Think about joining a network of CEOs and connect with those who have succeeded in scaling up. You will at times feel alone at the top of your organization. Consider in principle your options: a mentor or coach is there to help you individually; a consultant can assist your company, and an advisory committee can work best once your company is linked to several important stakeholders such as investors, large clients, distributors, etc.
STEP 2. THE ART OF CRAFTING YOUR MARKET VISION

DEFINING YOUR MARKET VISION

At about 25 employees, you have established a good foothold in your market. This is the time to translate that into a solid market vision: How to grow and win in your market! The combination of a convincing market reading and a strong commercialization strategy will not only be the best stepping stone to revenue growth, but will also motivate employees and attract investors. Alas, many marketing strategies are too often dubious shots in the dark at best or mere delusional exercises at worst. The basic step of getting to know your customer is far too easily skipped as young companies tend to focus on product-led, as opposed to market-led strategies. This has been a recurring theme that was highlighted by interviewed CEOs. For André Haddad, industrial psychologist,

THE ART OF CRAFTING YOUR MARKET VISION IS ALL ABOUT YOU. CAN YOU READ THE MARKET? CAN YOU UNDERSTAND WHAT YOU’VE NEVER SEEN BEFORE? ARE YOU CAPABLE OF SEEING THROUGH THE FOG OF FASHION OR FALSE MAGIC BULLETS?

A good market reading should include the following 4 elements, which will end up being a critical part of your business plan:

1) UNDERSTANDING YOUR MARKET POSITIONING

You must be able to explain the broad features of your target segments: positioning and critical success factors, market trends, growth drivers, position in the life cycle curve, distribution channels, stakeholders in the value chain and the list of competitors chasing you. This is the realm of market studies and interviews with market players such as key opinion leaders. Dollars spent here should not be viewed as expenses, but as smart investments. This is the big market picture, usually extracted from secondary data.

2) UNDERSTANDING YOUR CUSTOMERS’ BEHAVIORS

An intimate understanding of the customers in your target segment leads to the gold at the end of the rainbow: 1. What does he buy?, 2. Why does he buy it?, 3. How does he buy it? However simple these questions may appear to you, do not fool yourself. For Robert Héroux, former IBM world VP,

THE ANSWERS TO THESE QUESTIONS WILL SHAPE YOUR COMMERCIALIZATION STRATEGY AND GREATLY FACILITATE THE MARKETING COMMUNICATION.
This is where we separate the pros from the amateurs. The pros dig deep down to understand their customers' behaviors and what they truly want. Amateurs skip this part. Get your boots on the ground and find out the pain points of your customers, what they really look for in a solution and how they buy it! You need to talk to your current and potential customers, period! This is the picture coming from the primary data, derived directly from customers, as understood in marketing talk.

3) CRAFTING A UNIQUE VALUE PROPOSAL

Your value proposal should define your edge and differentiation factor against your competitors. The value proposal explains why customers should buy from you and what makes you distinctive. A clear value proposition will be the spine of your business model and should link to the buying criteria of your customers. Moreover it will define the critical success factors for the organization and key performance indicators. A fuzzy value proposal will fizzle over time. Without a clear proposal, your promotional material will end up conveying too many messages and will confuse your customers. Find your edge and you will be in a position to build a smart commercialization strategy.

4) THE FIRST BRANDING EXERCISE

Sadly, branding is a vastly misunderstood concept and, as a result, it is introduced far too late in the life of growing companies. If you do have a clear value proposal, you have the raw material to stamp out your brand. The first branding exercise will allow you to define your promise to your clients, the key marketing messages, and the signposts your employees will use when dealing with customers. Branding is a powerful tool that is not too costly to implement if the homework in steps 1), 2) and 3) has been done correctly. As a matter of fact, if you desire to hire a publicity agency later, they will zoom in on those questions about your customers. You might just end up paying them to do your job later, but at a much higher cost. If you think about defining your brand, you might as well consider the essential rules driving trademark protection.

A good market reading should help you define a strong market vision: The market space you want to occupy, what you hope to gain in market share, its growth potential and the market leadership you want to take. This is a never-ending process, as customers have literally become moving targets. In the phase of 25-100 employees, it is the critical vision.
STEP 3. INCREASING YOUR PIPELINE OF PROFITABLE PROPOSALS

A TRUE COMMERCIAL STRATEGY

One of the very core challenges in scaling up is actually scaling your marketing efforts into a coherent commercialization strategy. Building a pipeline of profitable customers is the name of the game. As seniors often say, “There is nothing that a growing top line cannot cure.” Getting sales is the number 1 priority. You ought to think through all the standard elements of a good commercial strategy when armed with a clear market vision, such as illustrated in Figure 1:

PART I: Market Understanding

a) Target market: a summary of your positioning and the growth drivers in your chosen market.

b) Customer profiling: a summary of why, what and how do they buy? A mapping of the customer experience is especially useful to determine critical incidents, desired benefits and “wow” points in the customer journey.

c) Product: a summary of your product features, both in terms of technicalities, problem solving benefits and pricing. There should be a match between pain and problem with your offered solution. Your unique value proposal should be crystal clear and should define your edge in the market.

d) Defining what your brand means for the customers: what would you like to promise them?

PART II: Marketing Strategy

e) Defining your go-to-market strategies: how your products/services will reach market, by which distribution channels and under what terms.

f) Digital marketing strategy: Whether large or small, in B2B or B2C, all organizations need a digital strategy today. Customers are well educated and expect to find online suppliers who understand their problems and pain points, and who do not merely present them with products.

g) Your promotion and communication strategy: how are you going to reach your customers with impactful messages through which media channels (publicity, trade shows, promotional material, etc.)?

PART III: Marketing Effort

h) Your tactical marketing plan should outline budget, staff and range of activities. This is your plan of all tactical activities scheduled in time to reflect your prospection strategy and your customer account management priorities. It is about who does what and when, and at what cost. In the digital field there is a constant flow of surprise opportunities, new offerings from competitors, new technology breakthroughs, etc. The market speed in the digital realm is head and shoulders above non-digital markets. Your tactical plan should steer you towards the target objectives of your marketing plan, all the while with the agility to respond to rapid changes. Without a plan, you will end up chasing all kinds of opportunities, taking on jobs to cover payroll, mixing up your reputation, blunting your marketing creativity and never achieving a level of excellence that would set you apart.
Even with a small marketing budget, it is the coherence of your marketing actions that will make an impact on the market. Miguel Valero, CEO of Canarail, is insistent:

“For sustained growth, we need to be less opportunistic and far more strategic in targeting our markets.”
FREQUENT MISTAKES AND TRAPS IN MARKETING AND SALES

Bear in mind that companies reaching the threshold of 100 employees will usually have, on average, 3 to 5 sales reps, and 2 to 3 marketing staff. Amazingly, a majority of these companies also display a poor alignment in their commercialization effort. Our experience and our lengthy talks with a variety of marketing experts and CEOs indicate that they make one or several of the following mistakes in their scale-up phase. These errors are not fatal, but they make things a great deal more difficult. Learn from them:

› They typically start with a product-led marketing mentality and push sales with a limited understanding of the market trends and customer preferences. They do little market research and barely any competitive analysis. Pricing is often guessed at. They think they know the customer, but there is still a great deal of wishful thinking in their statements. They often believe that marketing is a mix of push efforts: promotion, website and sales. They will dedicate up to 90% of their budget on these items. Amazingly, only 10-20% of SMEs have a proper strategy for finding prospects. Many prepare for commercial trade shows, but there is a recurring lack of follow-up efforts until the next year’s trade show. Sure enough, sales often fall short of budgets and marketing resources are wasted without being able to really pinpoint where the leaks are taking place. If sales do not match expectations, price discounting usually does the trick to clear inventory but at the cost of pulling down profitability.

› Companies are quick to hire their first sales rep to push up sales. While this may appear to be a good move, in 90% of cases, they actually hire the wrong sales person. CEOs tend to hire on the basis of their own comfort zone, and whether they actually like a candidate or not. Little do they know that sales people are first and foremost excellent at selling themselves and in making a good first impression. On average there is 1 good sales hunter for every 20 good sales farmers. Finding, hiring and managing that one hunter requires special skills. They are a special breed in themselves. It takes a year and many broken hopes to correct a bad hire in sales. Your embryonic CRM is often left in shatters. The hit on your P&L will hurt as well. Studies indicate the cost of a bad sales hire is 4 to 10 times the annual salary of the rep. Get an experienced sales person to help you in hiring and managing sales reps. If you hire someone for business development, the profile will include a measure of marketing, promotional and financial capabilities on top of the usual selling attributes. It is also interesting to remember that 54% of sales directors quit before 2 years on the job.

› Here is a frequent dilemma: should you hire arep with good sales skills, but limited industry experience or a rep with great industry experience and numerous contacts, but with average sales skills? We know the best choice is a candidate with both skill sets, but emerging companies may struggle to attract them. There are horror stories for both alternatives. Just remember that a new sales rep to your industry will take 3 months just to figure out the industry, and at least 6 months to build a pipeline of prospects. The real point for you is whether you can afford that period of 6 months with limited sales results?

› Your first hire in marketing will most likely be a junior staff, who will help with the production of promotional material for trade shows and will contact distributors. This ‘push’ work obviously needs to be done. But the hard and crafty thinking on the marketing strategy may be left out, or may remain superficial and hopeful. You need to have access to imaginative and resourceful marketing specialists to get your breakthrough strategy, to find that nugget of marketing insight, even under severe budget restraints. Frankly, there is just no reason not to get a good commercialization plan. Hire sales and marketing people who will be complementary to the CEO’s skills in commercialization.

› The CEO bears the responsibility to build the confidence of his/her head of marketing because he/she will otherwise have the tendency to play safe and defensive. In this frame of mind they avoid taking reasonable marketing risks.
As your company takes more sales and marketing people on board, you are likely to split marketing and sales into 2 solid silos for good, but not for your own good. Contrary to what occurs in Europe, North American companies are quick to separate the VP of Marketing and VP of Sales positions, as opposed to hiring a commercial director who is responsible for both activities. Initially it might look a little easier to manage these functions by splitting them, but beware that you may bring a curse upon your company and undermine your brand promise. Most marketing people spend little direct time with customers and sales reps. They prefer reading market reports in their office. Most sales reps are happy to blame marketing for poor leads and shortfalls in sales results. The gap between sales and marketing can be legendary.

If you have a clear value proposal, you are ripe to define your brand and leverage it in the market as well as align your organization to it. But it takes vision and guts to do so.

Bottom line, if you do not do your homework in marketing and customer research, you are likely to fall in the product-led marketing trap. Some will survive because their product or customer service is outstanding. Their marketing effort will look disjointed, but they will manage to get by. There is some comfort for you in that: if you cover your marketing basics well, you should do fine, or at least better than those who skip their market reading. However bear in mind that many product-led efforts fall by the wayside, notably in technology markets.

THE ART AND SCIENCE OF MANAGING SALES

There comes a time when you need to manage properly the sales cycle. Pushing sales will only take you so far. Once a respectable prospection strategy is in place, improving sales performance is the top priority. The art of great salesmanship is about decoding the buyer’s process and requirements and adapting your sales pitch accordingly. In B2B, the key point to understand is that when the sales rep gets into contact with the prospective buyer, the latter is often already halfway through his buying process. Smart sales reps figure out the following points about their customers:

1. The nature and scope of the problem to solve from the buyer’s point of view;
2. The business objectives of the customers (their profitability, growth, brand impact, customer satisfaction, etc.);
3. The buying requirements put in place: the decision process, the decision criteria, timing, budget and funding, expected ROI, etc.;
4. The buying process under consideration: how possible solutions are searched and evaluated, how requests for proposals are managed, etc.;
5. The buying decision: determine who the key influencers and decision makers are.

Savvy sales reps consistently ask smart questions and pitch their value proposal in line with the buyer’s dominant buying motive. The science of managing sales includes a number of good practices: 1. establishing proper budgeted sales and objectives per client category, 2. developing a prospecting plan to meet objectives of new customers, 3. implementing good training and coaching for sales reps, 4. keeping the CRM up to date, 5. doing the follow-ups with prospects, 6. establishing a sales strategy for established accounts, etc.
INTERNATIONAL BUSINESS DEVELOPMENT: NEW POSSIBILITIES, NEW RICHES AND NEW RISKS

For many companies with a distinctive edge, crossing borders makes sense. However, here again, improvisation is costly: 70% of new international ventures fail in their objectives. International business requires a lot of constant effort and energy before it pays off. It is costly but yields important benefits for the daring. It builds volume and lowers unit costs. It makes your company both more competitive and sharper. It stimulates innovation as you expand foreign distribution. On the other hand, international business is very competitive and often ruthless. In most countries where the rule of law is weak, roughly anything outside North America and Europe, risks are multiplied. Beginners are mauled in those countries. But this is where world growth is concentrated. Twenty years of overseas experience have taught me a few lessons. Here is a summary of the typical mistakes afflicting young companies in their first foreign ventures:

1. A vast majority overestimates the potential of business and underestimates the cost of entry in the target country. In general, the homework is not sufficiently done on market studies, product conformity requirements, fiscal regulations, investments required, etc. Improvisation is deadly in foreign markets.

2. They go solo and misjudge the speed of business decision-making in the culture of the foreign country. Numerous factors affect the pace of exchanges overseas: hierarchy, consensus building, coordination and, at times, even corruption. Expectations are inevitably biased on the upside potential perceived at the outset, but are eventually deflated by reality. Frustration sets in, mistakes are then made.

3. If the company has not built a strong commercial competence at home, it is unlikely to create a clever marketing plan abroad. This explains why distribution agreements are often seen as the best form of entry strategy. Yet distribution deals are frequently misunderstood and poorly constructed. In signing new distributors or agents, companies often rely on the distributors to handle the marketing for them. This is a common mistake and companies end up losing control of the local marketing as a result. Distributors will see the agreement as a quick trial and error exercise to test the market without much marketing investment. Consider that, in most cases, you will likely not get the critical market information from your distributors.

4. It remains paramount for you to break the local customer code: what foreign customers actually wish to buy, under what terms and how they want to buy it. It is essential to accept that foreign customers are fundamentally different from your home-based clients.

5. Most international ventures require a partnership. However most CEOs are quick to sign a deal, only to discover afterwards the true nature of their partner. This is a sure recipe for conflicts, regrets and divorce. It is best to discover a few things about your potential partner beforehand: local reputation, style of conflict resolution, culture of the company and its openness to foreign dealings, etc. Doing so will help you figure out the real intent of your partner and plan for an exit strategy. Lack of due diligence on your partners will come back to bite you.

6. Negotiating in foreign lands is easier if you become familiar with local negotiation tactics and the legal twists. All continents have their own style and pitfalls for the unaware. Knowledge of the local culture opens doors. Being ignorant will make you look like a pigeon for the taking on foreign soil.

7. Financing for overseas activities is difficult enough. You will need an outstanding business plan. Going overseas requires cash to absorb delays, logistical mistakes, market misfires, travels, and possible write-offs in the worst cases.

8. Managing successfully from a distance requires setting up an early warning system in your reporting system, being smart about foreign exchange risks, paying attention to reputational risks and choosing the right expats when you need someone on the ground.
In general, international business development demands that the company can rely on senior management skills in house, to resolve the inevitable string of problems around logistics, contracts, difficult conflicts and to anticipate emerging risks. In weak rule-of-law nations, this is a must. At the end, you must break 4 codes: 1. the local regulation code for conformity, 2. the cultural code of doing business in the country, including negotiation, 3. the code of the client behaviors, 4. the code of your potential partner, including his true intents.

INNOVATION: CREATING NEW VALUE FOR YOUR CUSTOMERS

For most SMEs, innovation is about product improvement or setting up new product missions. Not surprisingly, product innovation is closely related to international business development. Exporting requires a product edge, whether in technology, performance, design or branding. And that product edge comes from an awareness of what your competitors are doing, and what innovations your customers are requiring. Innovation is likely to play a critical role in your growth once you reach the level of 40-50 employees. Unless your market is in a high growth mode, you will need product breakthroughs to sustain your growth. This is notable in the field of services.

Many companies suffer in their effort to innovate for the following common reasons:

1. Projects are initiated with little understanding of the customer problems. Therefore companies are never quite sure what they are trying to solve or develop. They skip this analytical part, and as a result, critical hypotheses are not readily tested.

2. Not surprisingly, product specs and scope are frequently modified, haphazardly updated, often in a last minute, swift manner. They thus end up with too many ‘me-too’ products, providing little differentiation or edge.

3. Project leadership and full responsibility remain too vague and unaccountable. Often team members battle against other operational priorities. Commitment and communication deteriorate and create significant delays.

4. Companies regularly chase too many projects, spreading their focus and efforts too thinly. Some projects are kept alive for the sake of tax credits. At that point, there is internal resistance to stop and redeploy resources.

5. Companies chase too many small improvement projects and do not invest sufficiently in new product missions.

6. Companies may lack critical skills and resources such as engineers, design specialists, marketing experts and so on. They have not yet quite developed the competence to work with external consultants.

R&D tax credit specialists note that a majority of their clients’ R&D projects are either obsolete with their market cycle, lack any sort of edge or are disconnected with their customer needs. This accounts for why too many innovation projects take origin in ideas that we want to push to the market, as opposed to reading the correct market opportunities.
INNOVATION STRATEGIES FOR SMES IN 5 STEPS

It is quite possible to find simple but effective innovation processes for SMEs. A wide range of tools and techniques can readily be transferred as best practices. Figure 2 shows some of the key steps for product improvements and new product missions in SMEs.

**STEP 1: FINDING GOOD IDEAS FOR YOUR CUSTOMERS**
You can find inspiration in technology breakthroughs or by seeing what your competitors are doing. But the most effective way to find the right ideas is to talk directly to your customers, key opinion leaders and expert users. You need to be in conversation with them to find out how to improve your products, to identify their pain points and to see how you can help solve their problems. You are likely to collect a host of good suggestions and discover new trends. Yet many companies dread these conversation moments with their customers.

**STEP 2: INCUBATION: TRANSFORMING GREAT IDEAS INTO GREAT PROJECTS**
For a great idea to snowball into a worthwhile project, the original idea needs to be improved and reinforced by the opinion of the informed. Hypotheses need to be checked and product concepts should be properly aligned with customer needs. This incubation period may easily take from 3 to 6 months to crystalize the right product concept that has sufficient product differentiation against competitors.

**STEP 3: PROJECT EXECUTION, PRODUCT DEVELOPMENT**
Building the right product is the challenge: 33% of new products fail at launch, and a further 40% do not survive 2 years in the market. It is relatively easy to lose the envisaged product edge when you are compromised by cost pressure, inadequate tooling for production scale-up or the necessity to speed up to market, etc. Design and user acceptance criteria may be sacrificed for convenience and cost targets. Furthermore management skills may be lacking, funding may get depleted, team work might unravel, etc. These factors all contribute to lowering the innovation performance. Obviously there exists a lot of wastage despite the best innovation efforts. There is however a host of innovation techniques to improve your outcome in product development, such as design thinking, lean start-ups, stage gates, etc.
STEP 4: THE JOB OF LAUNCHING AND SELLING
For start-ups, the challenge of launching a new product is daunting. For SMEs, distribution is already set up and there is a reasonable knowledge of customer profiles. The real challenge lies in building the right product with the right features and benefits to convince potential customers to buy it. Launching will take into account whether you create a new market space as the first entrant, or whether you join a market space with a new edge and fight for market share. Inevitably all new product launches require making the correct adjustments after launch.

STEP 5: HARVESTING COMMENTS AND CHANGES
A critical step after launch is to collect comments on what works well and not. Most new products require fine tuning, adjustments and improvements. We always assume we know our customers, but even in the best case scenarios, we are usually slightly off target. Lead users are usually the first ones to make the changes to new products and they should be consulted.
STEP 4. SHAPING YOUR ORGANIZATION’S IDENTITY LIKE AN ARCHITECT

Your sales growth will actually reflect the quality of your commercialization strategy. If well done, you will surely grow your company. The strength of your organization will then depend on whether you build it by default or by intent, on 4 dimensions: **identity, structure, operating principles** and **foundations**. You get the unique chance to design your organization for performance and innovation. Know however that this will test and push your leadership to the edge. If you wash off your identity and rely on a functional structure by default, you may find it difficult to get either performance or innovation later on. In marketing you can hire and buy the right expertise to craft your commercialization strategy. It is a matter of budget, getting the right people or hiring the proven expertise. It is usually difficult, but always achievable. Building and growing your organization will essentially rely on your leadership skills. You are in charge of that. You will be the main architect of your organization and you cannot delegate this responsibility. Writing a letter is always more demanding than proofreading the letter. Building a new organization is always tougher than advising on it. A good starting point is to think about how your organization would look like if it were to double in size. This forward-thinking will help you plan the right moves and implement the right processes. Let us consider 5 common challenges on identity:

**PURPOSE**

Purpose will be central to your task of defining a clear identity for your company. Think about these difficult questions. In what does your company matter? Do you make a difference that matters in your industry, and for whom? As CEO, it is your central task to define the purpose and identity of your company, why it exists and what it brings to the world. Great purpose will fuel commitment, engagement and dedication in your employees. It will raise the working spirit in your office and will stimulate your partners. It will set your company apart. And your job as the key strategist will also become easier.

**STRATEGY AND EDGE**

According to **André Haddad**, industrial psychologist,

> MANY CEOS VIEW STRATEGY LIKE A GOLDEN CAGE; WHY SHOULD YOU SET UP OBJECTIVES AND MAKE YOURSELF ACCOUNTABLE TO OTHERS WHEN YOU HAVE IT ALL IN YOUR HEAD AND CAN MAKE DECISIONS AS YOU GO ALONG?

We often hear from successful CEOs that we just need to trust our instinct. We never hear, however, from the many fallen who followed their instincts, without sufficient knowledge and advice. Most CEOs get their instinct right, but they are always at risk of getting it wrong by a mile when they do so. It is best to combine instinct with a minimum comfort zone of knowledge in order to avoid gambling. A concise half-page strategy statement will outline clear-cut choices on how you aim to compete, grow and win in your chosen market. It will provide a compass to your organization, enhance your decision-making ability, make people understand you better and make people understand better and how their role fits in. In building your organization, you have to build and ingrain the edge defined in your value proposal, your competitive advantage or your signature strength. Nowadays, the edge is either found in superior technology, ground-breaking design, superb service, or a large network effect or branding. You must make this happen.
INVESTING IN CULTURE AND VALUES

As often repeated, culture eats strategy for breakfast. Here is how a strong culture is built: 1) clarify your purpose and the edge in your market, 2) define the core 3-4 company values that all employees should embody (know that people will not remember more than three), 3) show that you are committed to investing in people, through corporate events, training opportunities, information sessions, public rewards, etc. 4) keep the course and you will get a strong culture over time. A strong people culture has a tremendous payback. It makes recruiting easier and lowers turnover of people as it binds the workforce together. But the biggest reward will come when you face wrenching situations: implementing your first ERP, handling a scale-back operation, undertaking your first big push overseas, your first M&A, etc. In difficult times, a team with shared values will rally to your side and not jump ship. Investing in culture comes next in importance to investing in marketing. The longer you wait to invest in culture, the more resistance you will encounter in doing so. A strong culture can be a tremendous asset and can make a difference when you are playing against the big companies in your industry.

BUILDING YOUR SECOND TEAM AND HIRING

At the stage of 25 employees, you will have depended on a couple of key players who have been there since the outset. But what if you need a new crop of “A” players to take your company to 50 or 75 employees? Can they really grow into the expanded roles you imagined for them or not? Have you prepared them for their new act? If not, redefine their roles by all means, but get new players on your executive team that will take you to the next level. Sure, your initial team may mumble and grumble. But consider that if you promote a good technical employee to a management level without adequate preparation, it will impact you on 2 levels: 1) he will not do a good job and you will eventually have to replace him, and 2) you will have lost a good person in the technical position. You might also be tempted to hire people at lower salaries with the given intent to build them up. However you just will not have the time to do it. Mr. Jean René Halde, former CEO of BDC, would encourage more SMES to start hiring “A” players, pay good market rates for them, chip in a few stock options to fully bind them to the company’s ambition.

In other words, if you craft a strong commercialisation strategy, you will need “A” players on your team.

“A” players like to work with other “A” players like them. You might choose to hire some “A” players on your executive team, but will they, in the future, hire “A” or “B” players? Only about 10% of executives know how to listen and develop their employees. “B” players are likely to hire “C” players and soon enough you become a B- or C-level organization. Consider as well that “A” players might slip to become “B” or “C” players if the work environment is not conducive for their performance or if you mismanage them.

Young companies often hire based on competences, and forego the check on values. If the values of new hires do not align with your company’s values, including entrepreneurship, the integration will not take place easily. Hire for competences, values and potential to grow. Test them for 6 months and then change them if necessary. Do not keep them longer. Know that you cannot really transform people, so choosing them carefully will help you sleep well at night!

The art of hiring and the art of building high performance teams are 2 skills that CEOs need to develop fast and fluently. If this is a challenge for you, get a mentor or personal advisor. You just cannot afford to make big mistakes at that level, otherwise you will cap the future of your company.
THE TEMPTATION OF YOUR FIRST ACQUISITION

Mergers and acquisitions (M&A) always loom high as an attractive growth option. They also have an enormous influence in shaping your organization. Mixing 2 different cultures can be daunting even when you have planned for it. If left unplanned it will surely wreck your culture and all the work that you have put in to shape your organization. Remember this growth option has the highest payoff but also the highest risk ratio.

About 70% of M&A transactions fail to create value. This should sound as a warning bell to you. All CEOs sign deals with high hopes, but reality strikes hard in M&A. One bad acquisition can ruin several good ones. In the first M&A, too many efforts stop short at deal-making and not enough at planning the integration properly. Figure 3 highlights 3 dimensions on which to assess integration and synergies. Synergies usually capture the bulk of attention, whereas cultural affinities and leadership compatibility are underestimated.

As such the most frequent reasons for failure in M&A are as follows:

› You were just not ready for it. If your competitive edge and key processes are not in order, you will just create a bigger mess in your company. You need clear M&A objectives and they need to be aligned with your vision and strategy.

› You paid too much. If you essentially rely on valuation techniques based on multiples during negotiation, you may find it difficult to recover the premiums that you are paying for in hard cash. There is a lot of pressure at closing time to strike a deal, even if the price looks a little too high to you. All your advisors will work hard to close the deal, as well as secure their pay and contingency rewards.

› You miscalculated synergies. It is always easy to justify high value with high potential synergies, both on revenues and costs. But we rarely see follow-through projects during the integration phase to lock in those synergies. As a result, synergies turn into false dreams.
You did not plan through your integration. Integration fails because of poor planning, conflict between the 2 leaders, lack of communication, loss of key talents and other distractions. Essentially, it is easy to mismanage and demotivate people you do not know. It happens all the time.

You did not evaluate the potential culture clash. The strategic fit looked nice, pricing was fair and you made the deal. But the cultural fit was neglected and, therefore, resistance wins over during integration. You have again lost the synergies.

You missed out on critical success factors. When it is your first M&A and the companies involved are small, people will often fail to identify the critical expertise necessary to make the transaction a success after the merger. That expertise may lay outside the 2 organizations.

You discovered skeletons in the closet, which you did not see during due diligence. Tough luck because the principle is always “caveat emptor” (it is up to the buyer to beware).

Bottom line, never forget that the 2 key elements in mergers and acquisitions are pricing and integration. Pricing will depend on your negotiation skills while integration will rely on your people management skills to shape the post-merger culture. Integration planning ought to start right at the time of the letter of intent and should wrap up 100 days after closing the deal. Otherwise you will likely experience the unfortunate meaning of “murders and acquisitions”.

STEP 4. SHAPING YOUR ORGANIZATION’S IDENTITY LIKE AN ARCHITECT
STEP 5. SETTING STRUCTURE, OPERATING PRINCIPLES AND FOUNDATIONS

A great majority of growing companies will initially establish a traditional function organization because it is simpler to manage and easier to scale as you grow. It is the default option for many entrepreneurs. However this simplified way of setting up your company structure and foundation will come at a cost: it will require a specific effort in coordination to counterbalance the silos that you are building. Coordination rarely compensates completely for the efficiency sought in silos. Silos end up dampening innovation and agility, which may be requirements in your industry. In digital companies, the structure is often more project or cell-based, with less influence from support functions. In both cases, the organization will face the high-wire act.

THE HIGH-WIRE ACT: BALANCING BUSINESS DEVELOPMENT AND STRUCTURE

As you grow, complexity will set in. Higher payroll lifts the cost structure and generally squeezes margins. The more individuals and functions involved, the slower decision-making takes place. Before long, you are adding a 2nd layer of management in the structure. New processes and policies become necessary to manage and coordinate activities. Striking the right balance between business development and putting in structure and processes is a high-wire act. There is only one certainty: your processes at 25-30 will not handle the growing complexity found at the level of 75-100+ employees. At one point you will have to introduce discipline and systematic execution where it counts. From the advice gathered from CEOs, there is no clear-cut recipe, only valuable principles and hard-won experience that we would like to share below:

› If you push for business development first and structure second, you risk putting in ad hoc processes as you go along, which will yield a mish-mash of processes. Remember that bad processes will cost you twice: first for the inefficiencies and the dollars wasted in your P&L, and second, people will claim to be so stretched that they will request new hires. For convenience, you might just agree but you will have just stepped onto the road of building bureaucracy. Bad processes are like cycling on squared wheels. In some cases, a shaky structure might even come to collapse altogether.

› If you put structure ahead of business development, your cost structure will suffer. You might later have to scale down if sales do not come in as projected. As a principle it is better to keep your organization as lean as possible and to keep your people busy. They will have little time to play office politics and will concentrate on doing their tasks. Beyond 50-100 employees, it will be time to instill excellence in processes and encourage training and benchmarking to reach higher levels of performance.

› Sometimes you win a big contract and scale up resources to meet requirements. If your business development is not strong enough to build on that big contract, you will rapidly face a dramatic scale down, which can surprise you.

› At the transition point of 40-50 employees, you will face a number of organizational challenges:
  • You need to control your cost structure, whether it is related to production (COGS) or project costs (margins). This is important for cash flow, for profitability and for scaling down when necessary.
  • As volume or projects build up, the implementation of quality assurance measures becomes paramount. If you lose control of the scale-up in quality control, you put both reputation and the future of your business at risk. Quality control is not a bureaucratic matter but a business risk insurance.
At one point, you will cross a line of conformity requirements with governments (often at 30+ employees). This is the time to keep an administration booklet that outlines key policies, signatories, internal controls, risks and IT management, etc. Good administration does not make you money, but bad administration will definitely cost you money and credibility. A little rigor will help reassure your banker and advisors that you run a well-managed outfit. Don’t expect mercy if you miss out on conformity requirements.

Your second layer of management will be introduced, signaling the need for HR policies.

There will be a fine line between agility and (un)controlled chaos. This is akin to walking on a high-wire. Agility combined with disorganization is stressful for all. You will need to consider doing 3 things: putting in place a minimum set of internal controls, defining your operating principles (next chapter) and getting a grip on your 4-5 most critical business processes.

As you put some structure in your organization, ou might be at risk to lose the agility with which your firm was born. From our experience the following elements all contribute to slow down decision-making: excessive controls from a top-down approach, bad processes left to grow, lack of transparency and communication, little empowerment, lack of communication, etc. To counterweigh them, other elements help to shape entrepreneurial behaviors and to keep your organization agile: a strong culture anchored on the customer, embedded entrepreneurial values, a fast reporting system and a strong sense of individual responsibility and accountability, etc.

If you build your organization mostly by default, relying on a functional structure, you are likely to get average performance, limited agility and little innovation. You not only need to pay attention to identity, culture, structure and foundations, but also to the operating principles that will guide the functioning of your organization. They cannot be left to be defined by default and loosely shaped by some sort of top down effect. They must be managed with purpose.

HOW WILL YOUR ORGANIZATION FUNCTION: THE KEY OPERATING PRINCIPLES

Consider that only 7-8 basic management practices will determine how your company operates and how people will work. They are a toolkit for you in how you want your culture to gel inside your company and how your organization should perform, innovate and remain agile. Once set, however, these practices become increasingly difficult to change in time. They will, obviously, reflect your style of leadership, as discussed in Step 1. All practices can be planned in advance and co implemented with the heads of departments. Consider that these operating principles are central to achieve a high performance organization.

1. Executive committee: Your excom is central to your performance engine because each member will become a chain of transmission for your vision, objectives and values. This is key to performance.

2. Management by objectives: When company objectives are set, projects and objectives can be delegated to units. Delegation works best if empowerment and accountability for results are enforced.

3. Budget and reporting: Budgeting is a planning tool for the allocation of resources within the organization. Since resources are limited in small organizations, a lean budget process will force the organization to make rational choices and, hopefully, develop resourcefulness. Timely reporting allows the measure of performance in revenues, expenses, projects and investments.

4. Controls and metrics: Beyond the financial accounts, the CEO must decide which metrics need to be measured and reported to monitor the performance of the organization. What gets measured, gets done. Objectives and metrics are powerful tools to shape the vertical alignment of the organization.

5. Hiring, rewarding and promoting: Your organization is your people and who gets in is important. How people are hired, rewarded and who gets promoted are strong signals of behaviors and values for employees. This is a management process that requires professionalism.
6. Internal communication: Employees want to be informed about strategy, new projects, on-going results, policies, etc. When you are small, informal communication can work out, but as soon as you hit a second layer of management, systemic communication becomes a rule. Smart communication can mitigate the silo effect.

7. Quality assurance: As you scale-up you must manage to control quality of what you deliver to your customers. It is relatively easy to lose track of quality control if there is a surge in projects and contracts. You ought to try your best to safeguard quality lest your reputation takes a bad hit.

8. Task forces: Special projects and new initiatives often require the creation of a small task force. These small teams play an important role in coordination and cooperation. They require, however, management attention. Consider the following statistics in traditional organizations: 90% of employees trust their boss to do what they say, but only 10% of employees trust colleagues to do what they say they will do. A good task force does not take form by magic.

9. Work environment: Starting in a garage is fine. But as your organization grows, a healthy work environment must be designed for your employees. If you expect engagement and performance, it is the least you can do.

THE FOUNDATIONS FOR LEAN DEPARTMENTS

As we have witnessed in our study, it just happens that the most disliked business departments by CEOs are finance and accounting, human resources and information technology. Not surprisingly, these functions usually fall behind the curve when the company grows. Bankers often complain that finance directors struggle to keep up and become the bottleneck of the company. On the other hand, HR experts are guilty of bringing big company kits into small companies and complicate both processes and bureaucracy. IT usually lags in documentation, integration, emergency plans, security, etc. The main challenge for CEOs is to overcome their innate reluctance to these overhead functions and to figure out 2 things:

› What can these functions really do for you, given the size of your organization?
› What level of performance can you or should you expect from them?

High performance organizations need high performance support functions to be in place. You need to learn how to get top value from lean overheads. Cutting them off is no better than tolerating poor performance.

WHAT YOU NEED TO GET FROM YOUR FINANCE DEPT AND HOW TO BUILD A GREAT ONE.

Small companies generally struggle to go beyond mere financial accounting. The F&A department is in fact the nerve center of business intelligence. It is up to you to smartly exploit it. There are 5 steps to build a great finance & administration department, as illustrated in Figure 4. Steps 1 to 3 are critical for your expansion.

STEP 1: BASIC FINANCIAL ACCOUNTING

You need timely and accurate financial statements to measure your profit and loss statement, balance sheets and ratios. There is no valid reason why you should not get your financial statements in less than 10 days after monthly closings. It is just part of a good accounting organization. Since it needs to be done, you might as well have it accurately and timely done. There is no valid excuse from your accountant. A senior accountant could oversee your accounts closing at the end of every month to ensure speed and accuracy.

STEP 2: MANAGEMENT REPORTING

Financial statements only have a limited utility in helping you manage your business. You need better intelligence and smarter reports on the state of your business to pilot your organization. This is the information architecture job that needs to be done sooner or later. An experienced senior accountant should have the skills to tailor the accounting chart to your business needs. Ideally you should get a monthly management report between 7 and 10 pages on what counts in your
company: sales, product lines, costs and margins, R&D, investments, payroll, etc. Just make sure you get actual data on the 6 or 7 key variables to run your company. Additional management reporting only marginally increases accounting costs, but transforms information into intelligence. Without it, you will remain clueless about the ups and downs of your company. Once you design an effective management accounting system, you can implement the right budget and reporting cycle. A proficient finance director should also provide concise weekly updates if required.

**STEP 3: MASTERY OF CASH FLOW**
The true test of a financial director is his mastery of cash flow, or lack of it. Your finance director must track cash flow as if it were his/her own blood. Cash flow statements and cash flow projections are standard fares in well-run companies, but are often regarded as a pain in the neck by most accountants. Your finance director should properly manage all the noteworthy cash flow items: sales and COGS (margins), taxes, exchange rates, interest payments, capital and financial investments, collection and payment policies, etc. Smart cash flow management requires a good grasp of finance theories beyond accounting principles. Cash flow projections serve as the foundations of any financing strategy and financial valuations. Cash flow projections are often made on Excel spreadsheets before they are done into an integrated ERP system. This is fine and productive. Cash flow is a critical form of information for you, even if you do not like the process of determining cash flow.

**STEP 4: SPECIAL PROJECTS**
Finance directors need to build great teams to deliver on Steps 1 to 3. When they learn to build high performance teams and delegate, they can take on special projects for you, such as leading IT projects (ERP), mergers and acquisitions, real estate transactions, HR responsibilities, big investment projects, etc. It is at this stage that they earn their reputation to bear a positive impact on operations. Alas, many do not know how to delegate and prefer to squeeze their staff like lemons with overtime fatigue.

The CFO performance relies on a blend of technical mastery and strategic contributions.
STEP 5: STRATEGIC PARTNER
Finance directors become true CFOs when they can create great value for the company. They lead strategic planning, reorganizations, direct smart M&A operations, support international operations, implement effective hedging programs, etc. They can become the right hand of the CEO. They should have a full spectrum of perspectives (market, industry and company), and should master your business model to optimize company valuations. They also ought write your business plan.

BELIEVE IT, WHAT CAN HR DO FOR YOU?
Much debate is still ongoing as to what can be the potential contributions of an HR department to smaller organizations, beyond the usual payroll and benefit management and tax conformity services. For Michel Pérusse, former Director of the Centre Laurent Beaudoin and HR expert,

GOOD HR PRACTICES WILL ESSENTIALLY PREVENT YOUR WORKPLACE FROM BECOMING A ZOO WITH MISALIGNED PRACTICES. THEY SHOULD PROVIDE COHERENCE IN YOUR ORGANIZATION.

Figure 5 indicates the various dimensions in which HR makes a contribution, as a company grows. If HR administration is standard practice at Level 1, HR professionals can draw from the other 3 levels and readily help you during your scale-up on these services:

- Establish a strong hiring, integration and retention process
- Establish a coherent salary and benefit policy, with job descriptions
- Clarify roles and responsibilities for all supervising staff
- Establish an internal promotion policy based on performance and future potential criteria
- Deploy and link talent to leaders in the organization
- Help you build a strong culture aligned with your values
- Facilitate communication inside and outside the company
- Work on building up energy, engagement and inspiration in the 2nd and 3rd layers
- Resolve personnel conflicts and ease work terminations
- Participate on special projects, such as reorganization, mergers and acquisitions.
Granted you can get by without a proper HR head until your business reaches 30-40 employees. This will however come at a cost of distortions in salary policies, distributed responsibilities, family favors, etc. A competent HR consultant can be handy in the early phase of the scale-up, especially as you put in a second layer of management. It will then be very important to put the right HR practitioner in place to attend to your business needs and culture requirements. Bear in mind that HR practitioners from large companies usually have the most experience, but they tend to be great users of all sorts of HR kits and may introduce an excess of procedures. They may, thus, water the vines of bureaucracy. Not many HR people like to get down in the field and on the shop floor to prevent HR issues from growing in the first place.

MANAGING IT AND THE DREADFUL ERP

IT projects have a bad reputation. They carry little upside payoff for the project director, and massive downside risks. There are plenty of pressure and many unknowns under the imagined new environment. Not surprisingly, the odds are not encouraging. More than 70% of on-site ERP projects fail in SMEs. Statistics show that cloud-based ERP failures are not as dramatic, but are subject to the same mistakes. The holy grail of fast, cheap and good outcomes is rather elusive for SMEs. Let’s be frank, it is a slug. It is no wonder that most companies wait to reach 100+ employees before embarking on this venture. Since most ERP projects end up significantly over budget, it is often best to first invest more in marketing strategies before the ERP. In any event, here’s where most IT projects usually go wrong:

› Most IT departments are a collection of incompatible systems with poor documentation, security holes and little oversight by a strong specialist. Few have robust contingency plans in place.

› Few companies have the internal knowledge and expertise to implement and operate an ERP. The learning curve is just too steep for most supervisors and managers who must also run their daily job. You have no choice but to hire new IT talent or sign a managed services agreement with a reliable ERP provider.

› The ERP project requires a tremendous effort from the workforce. Getting their 100% involvement will depend on how tight your culture is and how much you have invested in your employees.
It is usually better to fix your processes before implementing your ERP. Otherwise, you will just automate bad processes and make it difficult to change them afterwards.

There is nothing more frustrating than implementing a solution to the wrong problem. Misunderstanding the problem or mistaking the symptoms for the problem is a frequent misstep in IT projects.

Sometimes the vendor wants to be the integrator. Consider, however, the risks of dealing with a hidden agenda that is not entirely aligned with your objectives.

While there is tremendous effort to make a new ERP system ‘work’, IT security too often lags behind the current level of risks in cyber hacking and ransom ware.

Marisa Murray, former partner at Accenture, asserts that

ERPS CALL FOR SOME SERIOUS PROJECT MANAGEMENT SKILLS AND YOU CANNOT AFFORD TO BE WEAK EVEN IN ONLY 1 OF THE 5 FOLLOWING ESSENTIAL ELEMENTS.

Indeed all 5 of the following aspects are critical for success: project direction, objectives, deadlines, costs and quality.

1. Project governance (direction): having the right stakeholders at the table, maintaining discipline, a positive project culture, passion and engagement, as well as getting the communication right. The project leader should have ERP project experience from end to end.

2. Defining the scope of the project (objectives): problem definition, study of proposals, planning and analysis. Increasing the scope of the project along implementation is a sure way to cause significant delays. In turn, catching up with delays to meet deadlines can easily become a major source of quality problems.

3. Roadmap and schedule (deadlines): the usual steps are planning, design, build, test, train, deploy and stabilize. You need to define your go/no gos at every critical step.

4. Budgeting (cheap): think about comfortable contingency funds and a budget for independent experts. Cost overruns are frequent in first-time ERPs.

5. Resources & skills (good): too many projects focus on technology and platforms, leaving little attention to appropriation by employees, which require training and adjustments. Many good projects are lost at this ultimate phase.

MANAGING THE COMPLEXITY OF PATENTS AND INTELLECTUAL PROPERTY FOR TECH COMPANIES

Managing patents is a devilishly tricky, long and very expensive process. Complex rules often make them look rather Byzantine and unpredictable. You soon discover that IP documents and letters can quickly pile up on your desk. Conference calls with your patent agents are regularly scheduled at six-month intervals. On every single occasion, you may easily have to spend 2 to 3 hours just to update yourself on technical issues and strategic decisions. On most occasions you will not quite feel as confident as you should be. With patents you can neither totally improvise your case, nor can you rely entirely on your patent agent. In the field of IP, not all agents are created equal. The company’s CEO must comfortably be in the driver’s seat with intellectual property despite the inherent complications. If technology is part of your business model, here is a tool to control the patent process: The Patent Booklet.
The Patent Booklet is a simple checklist of all the important steps taken so far with dates, key messages and highlights written down. It is a neat summary of all important facts about a patent, put in a timeline. This checklist will ensure you do not forget an important step, a critical decision or miss a suspected weakness. As soon as there is additional material about the patent, the document should be updated. The document should include the following elements put in a timeline:

1. **PRE PATENT WORK**
   a) Prior art & literature search
   b) Patentability evaluation report
   c) Freedom-to-operate search
   d) Third-party agreements (R&D)
   e) Commercial evaluation

2. **FILING & TITLE**
   a) Composition description of patent
   b) All filing dates, letters, examination replies, interviews with key highlights to remember
   c) Status of claims
   d) Risks of invalidity
   e) Ownership issues

3. **CURRENT STATUS**
   a) Uncertainties, or critical work to be done

4. **NEXT STEPS**
   a) Expected decisions, documentation requirements, licensing options, etc.
   b) Next conference call with agenda.

Consider that if your patent turns out to be valuable, it will inevitably be challenged for invalidity by rogue players. It is legal warfare in the field of intellectual property. The 4 most frequent lines of attack are: 1. prior disclosure of the invention, 2. whether you fulfill the written description requirement, 3. whether you fulfill the enablement requirement, and 4. proper documentation in the chain of property. The Patent Booklet will help you build strong IP value and remain in command of strategic discussions. Be patient and work diligently with your patent agent for help and expertise.
STEP 6. GETTING FUNDS AND GROWTH CAPITAL

THREE COMMON MISTAKES IN FINANCING

Growth inevitably requires funding for inventories, project investments, hiring new staff, etc. Board advisors and senior consultants have reported 3 kinds of common mistakes:

1. Some companies wait way too long to knock on the banker’s door: either they underestimate the time to complete an agreement (by experience usually 2 or 3 times what you might think it will take) or wait until they have their back on the wall. As a result, these organizations put their working capital at risk and find themselves in rather difficult conditions to negotiate. You need enough time to plan your finance strategy, explore options, find the right partner and strike a deal.

2. Once the line of credit is signed, many CEOs underestimate the importance of keeping the banker tightly in the loop. Many prefer to keep bad news to themselves to avoid shaking up the relationship. This is likely to create a blowback. A banker can be fickle. If you surprise your banker (always a no-no), you risk breaking the confidence link and paying dearly for it. A banker who gets surprised by a client, loses face and credibility inside the bank. His own career prospects take a hit. Keeping a close relationship with your banker is a smart strategy. Stay open and transparent with him. Communicate both good and bad news. In dark times, you need them a lot more than they need you. Stop viewing them as an enemy but rather as your business partner. When you succeed, they succeed and they will do all they can to find the best solution for both of you.

3. There are the odd exceptions. We have also encountered a few stories where excessive reliance on a banker can put you into trouble. Some bankers can be opportunistic and may take advantage of a strong negotiation hand to weigh heavily in loan renewals, or not.

THE 3 MAIN FINANCING OPTIONS YOU WILL ENCOUNTER FOR SMALL COMPANIES:

1. Advice for government loan programs and tax credit schemes:
   - Government programs offer low and attractive interest rates (and sometimes grants) but are extremely time consuming to pursue because your application must be packaged under their preferred format. You can, however, get an expert to do the grunt work in exchange for a commission and strike a win-win for both sides.
   - Bureaucrats like plans and essentially evaluate plans. Therefore the key is to think ‘plan’ and present a plan with a good likelihood of success. Thankfully the required length of a plan has decreased to 10-12 pages in most government programs.
   - Some companies just avoid messing with government programs because of the time and distraction they incur. Furthermore, confidentiality issues may sometimes arise. It is up to you to decide.
2. Advice for bank loans:

- Most banks are asset lenders as opposed to business lenders. They will mainly assess you on the capacity of your business to pay back the loan and will request asset or personal guarantees to compensate for extra risks. They will do everything in their power to get paid back.
- Bankers are not really good at assessing your business. That is why they will rely on financial numbers: both yours and theirs. Make sure that you present good projections and tables. Bankers will thoroughly dissect them.
- As a complement to their financial analysis, they will nevertheless assess a number of qualitative elements: your market growth potential, the intensity of competition, the critical success factors in your business and the degree of trust that they can have in you as a valuable business leader. Again, they will look at the quality of your advisors and the strength of your executive team.

3. Advice for equity capital and governance:

All equity raising projects will require that you demonstrate

- A good business plan (not more than 8 to 10 pages)
- An edge that will make the difference in your market
- An executive team that can execute flawlessly
- Strong intellectual property
- Convincing cash flow projections
- Substantiated company valuations
- And some personal chemistry.

Raising equity seldom takes less than 10-12 months because of lengthy road shows, legal negotiations and final agreements. Beware of agents who promise faster and cheaper financing at higher valuations. They are trying to hook you up on a siren’s call. Choose your institutional investors carefully. It is a wedding contract and a divorce is just as terrible around the boardroom as it is around the kitchen table. Find out how the institution’s agents get remunerated inside their institutions, including bonus incentives. Examine how your potential equity partners would react to best and worst-case scenarios. In a nutshell find out about their reputation, transparency, and patience before you sign on. The right investor will give you wings. The wrong investor will clip them. An investor who does not know much about your sector will tend to put more pressure on the numbers, which you will not like. Remember the shareholders’ agreement will be your bible in all cases of equity transactions or conflicts. Haste in signing this document will guarantee headaches at the first sign of trouble. Raising equity finance is tough enough, so when there is good money on the table, do not procrastinate.

With institutional equity in, get ready for new governance measures. Some equity partners are more active than others, but they will all want to have a say on strategic issues and how the company ought to be run. There are plenty of opportunities for misunderstanding on boards. Consider that the performance of your board will greatly depend on how it is initially set up in terms of composition, functioning, control items and value creation agenda. Most of the time it is rather botched because they are set up in a hurry. A board will then quickly fall into a determined pattern of functioning as it is established in the first few meetings. Again, choose the people for your board very carefully or you will repent. We suggest that you enroll at least one top marketing specialist on your board. If you already run an advisory committee, you will obviously have had some kind of governance practice and you should be in a better position to shape your own board of directors. The board exists to help you take better strategic decisions on new ventures, investments, hiring and financing. You need people with management experience at a higher level, a large network of contacts and the coaching disposition to transfer best practices to your team. But your mind should definitely focus on the seat of chairman. A good chairman should be someone who you trust deeply for their business judgment and their mentorship abilities.
LEADERSHIP CHALLENGES YOU WILL FACE

Most leaders at the level of 20-25 employees have been playing a role similar to quarterbacks, driving the organization, pushing and hustling here and there. They have shown the power to attract talent and engineer a market breakthrough. Making your company a new champion at 100-300 employees will require that you transition into a new leadership role. You might actually be tempted to carry on with a style that has worked well for you so far. And as a matter of fact, keeping the same leadership style may take you to a level of about 50-60 employees, which represents approximately 2 layers of management. As an example, company executives often fail in their new promotions if they do not adjust to the demands and the conditions of success of the new position. It is the same for CEOs, when they reach new growth stages. The drawback in keeping yourself busy with your hands deep down in operations is that you will sooner or later miss out on some critical strategic issues. You will be then at risk of falling into some scale-back mistakes or worse. If you are steadfast about growing your leadership, be prepared to tackle the following 5 challenges:

1) KNOWING YOURSELF AS A LEADER

Why this question should be especially important for you? It is rather well documented that a lack of self-knowledge in a leader is likely to trigger some emotional defensive mechanisms at stressful moments such as denial, confirmation bias, a desire for control, etc. Thus at critical junctions, just when decision-making entails significant risk-taking, unwelcome doubts may cloud your sense of values, integrity and judgment. Your effectiveness and self-confidence, the very currency of leadership, will be undermined.

Growing your leadership is an obligation for all organization leaders. It is facilitated when you undertake some respectable leadership evaluation that should mirror a number of interesting angles for you:

› Your general strengths and weaknesses
› Your preferred cognitive (thinking) style
› How you work under pressure
› The impact you generally have on people
› Your preferred learning mode
› And your deep-seated core values.

Choosing to navigate on blind spots will ultimately cost you as you will be bound to repeat mistakes. On the other hand, knowing your values, principles and your character will serve you well in moments of difficult decisions. It will help you choose the right people with the right complementary skills to you. Consider that self-knowledge and self-confidence will greatly prepare you to delegate effectively.

Eventually your leadership style will determine the type of glue that will hold your organization together: you will either favor controls to safeguard established practices and a comfort zone, or emphasize a purpose that will encourage employees’ behaviors to fulfill a mission, or formulate stretched objectives to push for results and achievements.
2) STICKING TO 4 CRITICAL VALUES, NOTABLY INTEGRITY

The CEO journey is arduous. Your core values will feed your determination and resilience in the face of obstacles. Interviewed CEOs consistently highlighted the top 4 leadership values for early scale-up: vision, courage, perseverance and integrity. Vision is proper to organization leadership and must be defined by the CEO. Courage and persistence are proper to entrepreneurs. These individuals want to change things and readily display guts and courage in the accomplishment of their vision. They take calculated risks. Grit and perseverance take them through obstacles. Integrity is the fourth leg of the chair. Integrity for an individual is the adherence to a moral code of conduct and standards of ethics, which apply under all conditions, regardless of whether anyone knows about it. According to Peter Drucker,

“FOLLOWERS MAY FORGIVE MUCH IN A LEADER, BUT THEY HARDLY FORGET LACK OF INTEGRITY.”

Bernard Voyer, renowned explorer, adds:

“INTEGRITY IS THE MOTHER OF ALL VALUES. THERE IS NO EVEREST WITHOUT ABSOLUTE INTEGRITY TOWARDS ONE’S OWN CORE VALUES, SENSE OF ETHICS, THE MEANING OF THE ENTERPRISE AND THE FRIENDSHIPS THAT SURROUND IT. BIG PROJECTS REQUIRE EQUALLY DEEP FOUNDATIONS IN VALUES AND INTEGRITY. INTEGRITY ALSO MEANS HAVING AT TIMES TO TAKE A STEP BACK, TURN DOWN QUICK SOLUTIONS OR REFRAIN FROM ACCEPTING DODGY PAYMENTS. IT IS ABOUT DOING THE RIGHT THINGS IN DIFFICULT MOMENTS.”

The CEO of Air Canada, Colin Rovinescu, has often commented that

COURAGE AND INTEGRITY ARE NECESSARY TO DRAW THE LINE AND STICK TO PRINCIPLES AND VALUES WHEN FACING ADVERSITY.

Decisions built on integrity will reinforce your foundation and will solidify your reputation as a leader. Integrity will enlist commitment and engagement from your team members. Lack of integrity will disperse confidence and trust and will raise the fear level.
3) TEAM LEADERSHIP IS THE NEXT STEP: THE ART OF DELEGATION

Delegation is a difficult task to undertake. Gaétan Lussier, former CEO of food companies, is adamant that

TO MAKE DELEGATION WORK SUCCESSFULLY, IT NEEDS TO WORK IN TWO WAYS.

You can select great players, but consider however that they will bring their best to the job only if these 3 conditions are met:

1. If they feel inspired by your core values, behaviors and integrity
2. If your communication style is clear to them and respectful throughout the daily grind of work
3. If they sense they are listened to and are considered partners in your vision.

In a nutshell, your executives should get inspired by you. They should feel part of a binding team, built for a mission. Your role is to instill enough confidence in your executive team so that they can tackle the numerous challenges of building a new organization. General Patton once said: “Don’t tell people how to do things, tell them what you want and let them surprise you with the results!” Delegation allows the company to scale to a higher level of performance. It is an art where integrity and effective communication need to happen to engage the team members.

Many CEOs of small organizations may fear the act of delegation perceiving it as a loss of control or a decrease in the quality of the work done. They may dread the situation wherein they do not know all that is happening in their organization. Several leaders often seem reluctant to handle the emotional part of leading people. Nevertheless this will inevitably be part of your leadership test. Bear in mind that this can be one of the most difficult transitions for you, but it can be achieved gradually over a period of 1 or 2 years. If useful, get proper coaching to move to the 50%-70% range of delegation and accountability. Coaching can address other frequent impediments to delegation such as:

› Being uncertain about what to delegate
› Being a little confused about priorities
› Lacking clarity in communicating your expectations
› Sensing your team is not properly trained and ready for delegation.

Many senior interviewees feel that 25% of young CEOs have the core skills to make the transition, 25% need coaching to do it and 50% may find it very difficult to achieve it on their own.

Figure 6 summarizes the art of building great teams: beginning with knowing your leadership style and how to influence your team members, hiring and composing your team, and concluding with leading through delegation for high performance. As a leader of a high performance team, you should be in a position to steer performance, agility and innovation.
4) FACING THE STRETCH: LEADERSHIP SKILLS TO BUILD THE ORGANIZATION AND BECOME A CHEF D’ENTREPRISE

Crafting your vision and strategy, lifting your commercialization capabilities and growing your organization is demanding under any circumstances, and even more so when you are facing the challenge for the first time. Most CEOs inherit an organization and their main responsibility is to improve upon it. However, building a new organization is a lot tougher, as shown in Figure 7. Without some form of delegation, it will prove to be a formidable task. This job requires plenty of thinking, reflection, and consultations with experienced practitioners. Be comforted that most of the challenges you will encounter already have known solutions. They exist somewhere and you just need to access the right advisor. The leadership to grow your organization and become a ‘chef d’entreprise’ will require these skills:

1. Acquire a full spectrum perspective on industry, market and competitors to elaborate on strategy and vision. Take some distance from the operations to accomplish this. Make sure however, that there is enough transparency in reporting to get timely operational results.

2. Have courage and confidence to underwrite your commercialization strategy. It is the top line that should (and will) keep you busy at night.

3. Understand how organizations behave according to structure, processes and incentives. The default mode is to build a traditional function-based organization, but this will come at the cost of coordination and agility later on.

4. Have the humility to learn from the best and build excellence in your organization. Listen and make room for others in order to gain momentum, speed and excellence in your organization.
5. Master these people abilities and expand your leadership: listening and the art of asking great questions, presenting and communicating to your team, persuasion and negotiation skills, etc.

6. You will work hard and put in a great deal of elbow grease. Maintaining the balance between positive stress and healthy habits will keep you sane.

5) TRANSITING TO A NEW LEADERSHIP STYLE

From a quarterback style, you will drift towards another style of leadership, according to your talent, experiences and own development. Figure 8 illustrates 3 common styles of leadership: authority-based leadership, high performance leadership and digital leadership for high value creation. Leaders rarely depend on a single style and may come to use the 3 styles according to circumstances. However it is probable that a dominant style of leadership will eventually take root.
Authority leadership: If there is no stated strategy and little delegation from the top, the default mode of leadership will essentially rely on authority. There is a familiarity and a comfort zone in this style of leadership. Most lifestyle businesses exemplify it. Departments are walled in traditional silos because, as we have said, they are easier to manage this way at first. Many leaders believe that authority and competence alone define their leadership. It is a strong combination but is usually insufficient to attain high performance levels. Although commonly found, it remains a narrow view of leadership and translates badly into people leadership. Some may even be tempted to adopt behaviors centered on the privileges of the position, bringing them closer to the traps of pride, greed and envy. Successful authority leaders are flexible and take bold actions to seize new opportunities. They even plan for careful implementation. But this is the point where reality hits the tarmac. Most functional organizations display inconsistent communication, coordination and motivation across the boundaries of the organization. If talent in the organization is patchy, implementation will likely turn out rather uneven, average or even faulty. As a result, growth and scale-up usually take much longer and require considerably more sweat and stress.

Senior experts informally estimate that only 15-20% of companies can truly scale up with this style of leadership. By all means a certain degree of authority is necessary, but in fast-changing business environments, authority as the core leadership style is becoming obsolete and less appreciated in scale-ups.

<table>
<thead>
<tr>
<th>LEADERSHIP TRANSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QUARTERBACK LEADERSHIP</strong> (1-25)</td>
</tr>
<tr>
<td>Leadership for start-ups</td>
</tr>
<tr>
<td>Product vision</td>
</tr>
<tr>
<td>Commercial traction</td>
</tr>
<tr>
<td>Attracts &amp; drives others</td>
</tr>
<tr>
<td>Family style – MBWA</td>
</tr>
<tr>
<td><strong>AUTHORITY LEADERSHIP</strong> (25-50)</td>
</tr>
<tr>
<td>Leadership for lifestyle</td>
</tr>
<tr>
<td>Patriarchal, little delegation</td>
</tr>
<tr>
<td>Expects loyalty</td>
</tr>
<tr>
<td>Directs operations</td>
</tr>
<tr>
<td>Plateaus at 40-50</td>
</tr>
<tr>
<td><strong>PERFORMANCE LEADERSHIP</strong> (25-100+)</td>
</tr>
<tr>
<td>Leadership for performance</td>
</tr>
<tr>
<td>Strong market vision</td>
</tr>
<tr>
<td>Builds strong team</td>
</tr>
<tr>
<td>Delegates responsibility</td>
</tr>
<tr>
<td>Communicates to motivate</td>
</tr>
<tr>
<td><strong>DIGITAL LEADERSHIP</strong> (25-100+)</td>
</tr>
<tr>
<td>Leadership to create value</td>
</tr>
<tr>
<td>Disruptive 10X vision</td>
</tr>
<tr>
<td>Delegates authority</td>
</tr>
<tr>
<td>Experimenting culture</td>
</tr>
<tr>
<td>Client centric execution</td>
</tr>
</tbody>
</table>

Figure 8 – Transition to new leadership styles
Performance leadership: Most CEOs of larger companies have mastered the art of implementing an engine of performance aligned with their vision:

1. They define the strategy and the top 3 to 4 projects for the year
2. They build great teams and hire top people
3. They delegate, empower and hold their executives accountable
4. They coach, support and train them
5. They regularly communicate and consult
6. They appreciate effort and reward performance
7. They create a healthy working environment
8. They favor talent development
9. They put in place the conditions for innovation.

In larger companies, this management practice is normally called operational excellence. In smaller companies, it translates into the art of implementing the strategy. If multinationals are often characterized by slowness because of the need for corporate conformity, they hold the advantage of embedding the template of high performance in their affiliates, even the smaller ones. They master the arts of direction, delegation, communication and talent development. Contrary to the authority leaders, high performance leaders have not only mastered the art of delegation, but they have also grown their team members. They feel responsible for their success. This management approach creates tremendous engagement in the team. There is no better way to gain access to high performance levels. Many CEOs of organizations in the range of 100-500 employees have told us that the transition to High Performance Leadership can take from 1 to 2 years to operate. Institutional equity investors and venture capital firms rarely have the patience to wait this out. Daniel Lamarre, CEO of Cirque du Soleil, was clear-cut on the fact that leadership was under transformation:

“LEADERS MUST SURROUND THEMSELVES WITH GREAT TALENT, ACCEPT THE COLLISION OF IDEAS, MAKE ROOM FOR THE YOUNG AMBITIOUS EXECUTIVES AND MAKE THEM GROW, AND BE OPEN TO NEW TECHNOLOGIES”.

At times investors will suggest the hiring of a General Manager (GM) to assist the President. Indeed, a good GM can greatly help a CEO: they can oversee critical success factors and critical steps in the progress of new initiatives. They can benchmark departments and implement the operating principles highlighted in Step 5, such as communication and coordination. Informal evidence from our study indicates however that a majority of such General Managers fail within a year (about 75%). The relationship between the GM and the President remains fraught with dangers. The CEO, who never learned to properly delegate, will often resent a successful GM and will not grow into his new strategic role. The president-GM combination is a difficult one to put in place. This is definitely an issue that would need to be further investigated. On the other hand, coaching experts claim that an intensive training program for presidents can reduce the transition time to a new leadership style down to 6-12 months.
Digital leadership for high value creation: From the dot.com boom and bust of 2001 there emerged a new class of digital giants that is dramatically redefining strategy and management. Culture in digital companies and creativity outfits, whether in start-ups or giants, rely on agile management and leadership tenets:

- More decisions taken in lower ranks and more consensus crafted at the top
- Delegation of responsibility and authority to small teams
- Mindsets have shifted from controlling processes to data analytics
- User and customer centricity at all times, in all projects
- Constant interaction and experiments with customers
- Intense collaboration and transparency for unrestricted communication
- Real-time problem solving and creative thinking for speed
- Leaders are seen as humble coaches, creating the conditions for their teams to outperform.

Digital leadership on the model of Silicon Valley has beaten the hell out of traditional incumbents. So much so that traditional companies are now obliged to undertake comprehensive digital transformations. Leaders in traditional organizations now have to integrate new skills for agility, performance and innovation. It is now a matter of survival.

ADVISORY COMMITTEES

Advisory committees are one the best insurance policies that you can take, given the scope of the challenges that you will face. Yes, you might think that nobody knows your company better than yourself, and you would be right. Nevertheless an advisory board will bring fresh perspectives on new problems and challenges, assist in the hiring of key players, play the sounding board on big projects, transfer best practices to your organization and bring to the table a complementary network of contacts. An advisory board may just help you avoid those black hole mistakes. They will prepare you for institutional investors when you need them on board.
STEP 8. MANAGING AND LEADING AT 100+ EMPLOYEES

INDUSTRY VISION

Start-ups work hard to implement the right product vision, until the time their business model becomes recurrent. SMEs in the 25-100 scale-up phase must concentrate on their market vision and strengthen their commercialization strategies. Companies reaching the 100-200 phase get to define their industry vision. They assess their competitive position and plan on climbing the ranks and develop scale. They know they become a lot more visible in the competitive landscape. They hone their competitive advantage and build layers of them. They think about crossing borders and carefully evaluate mergers and acquisitions. In a nutshell, they target their industry position.

10 BENCHMARKS

Companies who manage to combine the inherent agility of SMEs with the high performance template of larger companies have the best chance to climb from 100 to 500+ employees. They have gradually professionalized their management. Most successful companies in the range of 100-500 employees score reasonably well on the 10 following benchmarks:

1. Governance is set up to help with the big decisions, notably large investments, growth strategies, mergers and acquisitions, and financing. They formally set aside time in the annual agenda to cover strategic issues. Investors usually require formal strategic planning to test the best growth options.

2. High performance leadership is in place. The CEO takes the lead in strategic planning and growth initiatives. Objectives and key priority projects are defined for the year. VPs are made accountable and the financial reporting captures performance for the executive team. Vincent Chornet, CEO of Enerchem, recognized that CEOs are in the business of managing people for 50% + of their time. If you think it is too much, reconsider your present role.

3. Growth strategies are based on a solid market vision and define the edge of the organization. The CEO can then move from a market vision to an industry vision, outlining how the company will take a larger space in the competitive environment, including overseas. They astutely benchmark their competitors.

4. The CEO has introduced strong cohesion in the organization and there is vertical alignment from top to bottom. There is lateral coordination to ensure solutions are fully integrated and implemented, the level of engagement is growing and the organization has sensors connected to the external business environment to adapt when necessary. Strong values are articulated by the executives and turn into a binding glue for the organization.

5. The commercialization efforts are properly aligned between a marketing department that plays a strategic role, a capable sales force and a customer service department that listens and measures client satisfaction. Branding becomes a corner stone of marketing. The company has introduced digital strategies that support the core strategy of the organization, in terms of digital processes, digital marketing and digital customers, etc. This is increasingly required as well in B2B businesses.

6. Companies at 100+ have learned the basics of innovation and the know how to create new value for customers. By benchmarking their competitors, they provide incentives for the organization to innovate. They introduce enough processes and talent to generate new ideas and transform them into products or services in the market. The culture leaves room for employees to identify new opportunities, develop novel ideas and experiment.
7. The company has learned the ropes of going overseas, measuring new risks and developing new competencies. International business builds volume and makes companies more competitive. They have learned to manage from a distance and to stimulate innovation in-house.

8. Production and logistics operations are kept lean and coordinated. Passing the 100 employee mark is often a timely moment to optimize the shop floor. According to production experts such as Jean Daigneault, CEO of Implantech,

   - **MOST COMPANIES CAN INCREASE PRODUCTIVITY BY AT LEAST 10-15%.**

9. Finance learns to build a department that consistently produces timely and accurate financial reports, month after month. Cash flow is thoroughly mastered and sophisticated hedging programs are introduced. Finance strategies are forward-looking and reassuring. Investments and asset allocations are subject to strategic evaluations.

10. Human Resources contribute to the healthy development of the organization and to change management. The Department plays a key role in strengthening the culture of the company. They support other heads of departments in their process of hiring and integrating new staff. They remove frictions and guide their actions with a strong business sense.

**HOW TO BALANCE PERFORMANCE, AGILITY AND INNOVATION**

Business speed is picking up for all companies, regardless of size: technology accelerates decision making, customers want instantaneous responses, project implementation is pressed for time from the outset, etc. In a nutshell, most companies must now match the performance, agility and innovation levels as benchmarked by the best digital companies. Luc Jutras, CEO of Group Fransyl, feels that private companies are under similar quarterly pressures as public companies:

   “TO KEEP THE LEAD, WE HAVE TO SPEED UP DECISION MAKING AND ADJUSTMENTS IN ALL AREAS OF THE COMPANY. THIS IS ONE THE BIGGEST CHANGES I HAVE SEEN IN RECENT YEARS. SPEED UP OR DIE!”

Corporate agility has become a matter of survival in many sectors. Yet agility needs to be planned and built into the company culture. Essential elements of corporate agility that must be in place include:

- Sensors on the business environment and competitors
- Quick feedback from markets and customers
- Transparency in results and outcomes
- Autonomy distributed down the organization
- Speed in decision making, responding and seizing opportunities
- Flexible systems and processes for adjustments.
Typical top down business cultures have built-in controls but lack in agility. A decentralized business culture has built-in empowerment and tends to excel at being agile and resilient. You will however need a strong mission and culture of entrepreneurial values permeating down the organization to remain agile and successful. Silos effects can be fought with abundant communication, a culture strongly oriented on the customer and the practice of quick task forces. Digital companies are built upon these principles.

**LEADERSHIP AND VALUES AT 100+**

Regardless of the leadership context, interviewed CEOs of organizations greater than 100 employees stressed the core values that serve as the bedrock on which larger industry ambition can be built. At the level of 100-500 employees, there are simply more strategic decisions to be taken with higher stakes and a greater talent bench to manage. You have now likely fallen under the radar of the bigger players and they could be plotting their moves against you. Leadership values count more than ever. Interestingly great leadership values in larger organizations often come in pairs and seek balance like in a yin-yang tango.

a) **Humility** (knowing what you do not know) vs **audacity** (loving a challenge)

b) **Listening** (reading people and context) vs **leadership** (confidence to make a decision)

c) **Humanity** (fairness and trust in people) vs **accountability** (letting go of underperformers in a team)

d) **Integrity** (be what you say) vs **consistency** (do what you say)

e) **Sense of urgency** (we are on a mission) vs **patience** (making sure everyone is on board).

In this age of rapid changes, humility is often the key to become a good listener, an advocate of great questions and an enabler of creative thinking.
As the CEO of a growing organization, you now have the best opportunity to build an organization that combines the agility of entrepreneurial outfits with the high performance template of larger players. Most companies achieve it between 100-150 employees, but you can also do it with a 50-100 employee organization if it is well planned out. You would quickly position yourself for acceleration. We would like to present our final words under 4 captions:

1. **TAKE THE TIME TO EXPAND YOUR LEADERSHIP CAPABILITIES:**
   - Discover your style of leadership: your impact on people, your deep values that will drive your team and organization, your blind spots, etc. Self-knowledge helps build self-confidence, which leads to better decision making.
   - Learn new people leadership competences that build confidence such as hiring, communication, listening, motivation, persuasion, negotiation, deal-making, etc. They will help you tackle the 5 leadership challenges.
   - Challenge No 1: developing a market vision, as stated in Step 2.
   - Challenge No 2: testing your integrity when you face adversity. This yields authenticity, the mark of senior leadership.
   - Challenge No 3: developing the ability to delegate and build great teams, and focus on strategic issues. A top executive team is a sine qua non condition for high performance.
   - Challenge No 4: moving on from team leadership to the next leadership level: organization leadership which entails building your organization for the future. This is, by all means, a stretch for any leader as seen in Steps 4 and 5.
   - Challenge No 5: handling significant deal making transactions when they arise and once you are ready, that will redefine your organization.

2. **GROWTH WILL ESSENTIALLY DEPEND ON YOUR COMMERCIALIZATION STRATEGIES, WHICH IS YOUR TOP JOB:**
   - Develop a purpose and market vision for your company, that is the space you want to occupy in the market.
   - From the market vision, establish a growth strategy, a strong commercialization plan and secure the sales.
   - Learn and master the building blocks of an effective commercialization plan that scores: defining your customer ‘persona,’ defining your edge and unique differentiated value proposal, thinking of smart go-to-market strategies including proper distribution channels and persuasive argumentation, mastering the selling function and customer service. To a fair extent you will need to spend dollars on market studies and customer profiling to truly acquire these strategic marketing capabilities.
   - A strong and well differentiated value proposal allows you to switch from product-led marketing to customer focused marketing, which will allow you to enjoy greater sales growth.
3. **BUILD YOUR ORGANIZATION FOR A STRONG IDENTITY, A COHERENT STRUCTURE, FLEXIBLE OPERATING GUIDELINES AND SOLID FOUNDATIONS:**

- Invest in purpose, values, culture and people for *esprit de corps* and a strong corporate identity.
- Set up a high performance executive team, that is accountable, empowered and aligned with your strategy and vision. Hire “A” players not only for talent, but also for values.
- Consider that the extent to which you are willing to delegate and empower, will determine your corporate agility. Beyond 50 employees, some form of delegation in unavoidable.
- Identify the top 3 to 4 priority projects for the year that will make a difference in the implementation of your strategy.
- You will need to balance empowerment, keep a measure of internal controls, ensure quality of processes and set the right metrics.
- Remember, more controls lead to less agility, but lack of controls can be messy. You can avoid excessive controls if you implement a strong identity and a culture of transparency and accountability to align responsible behaviors.
- Build lean but effective foundations in F&A, HR, IT and IP. These departments are easy to benchmark.
- For difficult and risky projects, systems and growth initiatives, learn from the best, go ahead and avoid the swamp.
- Always envision how your company would be structured if it were to double in size. It will facilitate your thinking on organizational development.

4. **SET UP AN ADVISORY COMMITTEE TO TAKE YOU TO THE NEXT LEVEL**

- Find a mix of advisors that will bring a vast network of contacts and transfer best practices to your team.
- A committee will force you to think through your strategic priorities and future plans.
- Experienced members can highlight strengths and weaknesses in your organization without any bias and advise you on organizational development.
- A good chairman should help you through the multiple challenges and guide you in developing your leadership.
- An advisory committee is comparable to a put option or an insurance policy to avoid fatal mistakes. You have a better chance to survive the crises that you are sure to encounter sooner or later on your path.

We hope that you have found this document on leadership growth and business scale-up inspirational. We recommend that you revisit it at different stages of your journey. Share it with your top management team to open up to new practices, become more agile and reach consensus. A successful scale-up can be achieved surprisingly fast. By focusing on the above fundamentals, you can put yourself on the fast track to becoming a champion. It only takes that much.
Mr. Du Sault assists CEOs and senior executives in developing their leadership and strategic thinking skills, craft business plans and resolve tough business issues, such as how to implement strategies, how to scale up their organization and how to manage change. He has developed numerous practical tools for consulting and coaching purposes. He worked 13 years as an international head office delegate for Novartis, in the capacity of country CFO, responsible for finance and operations. He led with outstanding results the treasury operations, strategic planning, reorganizations and change management programs, M&A and integration activities, etc. He oversaw a wide range of operations: from small affiliates ($10 M, 25 people) to larger ones ($650M, 2200 employees). He is a regular speaker, blogger and executive instructor on strategy, leadership and innovation and sits on several advisory boards. His last comprehensive article was ‘Why the next decade will shape the century’. Currently Governor of the Harvard Club of Quebec, recipient of a Leadership Prize by Harvard in 2016. M. Du Sault has work and travel experience in over 85 countries and speaks 4 languages. He was President of the Canadian Chamber of commerce in the Philippines.

Global Practice Leader for the Technology, Media & Telecoms (TMT) group for our global network, Penrhyn International, Mr. Yanouk Poirier has over 20 years of professional experience in different sectors of economic activity, such as professional services, finance, media and information technology. He has successfully led numerous assignments of top level executives and board members, for major companies and renowned firms. Recognized for his strong entrepreneurial spirit, Mr. Poirier puts his experience at the service of his clients on a national and international level and supports them in the achievement of their business strategy. Mr. Poirier is actively involved; he sits on the Board of Directors of the Ballet Jazz of Montreal, Club St. James and the Quebec Breast Cancer Foundation. He is also a mentor for Enablis, an organization providing assistance to entrepreneurs in developing countries. He holds an MBA from the Université de Sherbrooke.
A BUSINESS REPORT FOR CEOS
LEADERSHIP FOR GROWTH & SCALE-UP: GOING FROM 25 TO 100 EMPLOYEES

EXECUTIVE SEARCH | COACHING AND TRAINING | LEADERSHIP | CONFERENCE

SDA Conseil Inc.
STRATÉGIE . LEADERSHIP . INNOVATION

Penrhyn