

LEADING A GROWING BUSINESS: WHAT TO DO AND HOW TO DO IT

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The University of Western Ontario Business School recently surveyed 117 CEO's of Canada's most successful, rapidly growing entrepreneurial companies.¹ These CEO's provided practical insight into their most important leadership practises. They also provided data for the authors to draw some of their own conclusions.

This article summarizes and reports on important conclusions from the UWO study Leading Management Practises – A study of rapid-growth entrepreneurial businesses. You can obtain your own copy of the study by contacting the Institute for Entrepreneurship, Innovation and Growth, Richard Ivey School of Business, University of Western Ontario at: Phone: 1-877-333-4344; Fax: 1-519-850-2337; Internet: www.ivey.uwo.ca/entrepreneurship. A fee will be payable.

The CEO's of 117 rapidly growing Canadian entrepreneurial companies were surveyed. The average company had sales of \$19 million and 150 employees, had been in business for twelve years, and was growing at a compound rate of 24% per year. In 82% of the companies the CEO was also the founder. Twenty-six of the companies were publicly traded at the time of the survey.

While most owner managers do not aspire to grow their businesses to this extent, all owner managers can learn from the “best practises” adopted by those who have done so.

The Three Main Challenges

David Shaw and Wendy Whyte authored the report. They identified three broad themes in the tasks and practises of this group of CEOs:

- The highest ranking went to the task of making the transition from operating entrepreneur to the leader of an organization with at least one layer of management. This is a common theme in other research on the same topic², and represents a personal journey the entrepreneur must undertake. There is an undeniable link between business growth and personal growth in owner managed businesses.
- Not surprisingly, the next major theme identified by these CEOs was keeping involved in what is going on while delegating decision-making. This is a significant challenge for most entrepreneurs, who generally succeeded in the early years by maintaining dominant control over decision making in their companies.
- Finally, the third major theme was balancing work life and personal life. The stress of managing a rapidly changing organization in a competitive environment while growing and changing at a personal level brings new dimensions to an already full life.

What To Do – The Most Important Challenges/Tasks in Leading a Growing Business

- maintaining lines of communication with your top management team
- balancing work and personal life
- finding the time to keep abreast of what is going on in your industry
- moving personally from a focus of operating the business to one of leading the business
- keeping a focus on the future while current operations are demanding everyone's attention
- finding the time to keep abreast of what is going on in your company
- making sure that growth is not covering up serious problems in the company
- envisioning and anticipating the company as a larger entity
- sharing decision-making authority
- balancing the need to maintain control with the need to move quickly
- being realistic about the company's capabilities after a series of successes
- finding time to spend with individual employees

How to Do It – Key “Best Practices” for Leading a Growing Business

- maintain an open-door policy for employees
- delegate decisions to key employees
- allocate time to participate in events that allow you to focus on the future
- use involved, hands-on leadership
- drive strategy from the top
- maintain an organized, disciplined, time-management program

A Closing Thought

The responding CEOs always ranked their ability to execute a practice lower than its importance. The authors concluded that CEOs of rapidly growing businesses see themselves as executing a large number of practices at a satisfactory level rather than executing a small number of practices exceptionally well. This offers encouragement to owner managers of all kinds. It suggests that knowing what to do is more than half the battle, and that applying the results of studies like this one at even a modest level can bring rewards that might otherwise remain undiscovered.

¹ Shaw, David and Whyte, Wendy; *Leading Management Practices: A study of rapid-growth entrepreneurial businesses*; Institute for Entrepreneurship, Innovation and Growth, Richard Ivey School of Business, University of Western Ontario, London, Ontario (1999).

² Bhidé, Amar V., *The Origin and Evolution of New Business* (Oxford University Press, 1999). See a summary of this book at www.thompsonlaw.ca entitled *Successful Entrepreneurs Beyond Startup: Achieving Growth And Longevity*.