



U May Need a New Foundation

by Bob Whipple, MBA, CPLP

Would you build a 30-room mansion on a foundation made for a small Colonial? Sometimes as organizations grow, they may no longer fit on the foundation that was perfect when they were a start up. An organization outgrowing its foundation is a frequent problem, and great leaders instinctively adjust the foundation for the size of the current business, ensuring a stable condition.

In my analogy, the foundation is the strategic plan for the organization. Every business needs an operating framework that includes the following things at a minimum: Values, Vision, Mission, Behaviors, SWOT, Goals, Strategies, Tactics, and Measures. Without these guiding premises for the business, it would be as useless and grotesque as a luxury cruise ship with no power or operational engine.

When organizations start out, they are often small groups of people who operate like a family. The procedures can be informal and communication is just raising one's voice to be heard in the next cubicle. Customer focus is pretty easy, because everyone in the office can hear the phone conversation the service person is having with a customer in need. In this small business mentality, the foundation items mentioned above are easy to describe, but that does not mean they should be ignored. Some level of documentation of things like values and vision will help the young organization to survive the treacherous infant years and grow into adolescence.

In the subsequent paragraphs, I will use sales revenue as a surrogate for the size of an organization. That variable is one typical measure that is often used. Realize that there are many other factors that can require a change to an organization's foundation. For example, a not for profit group may take on a new major activity. Another example is a volunteer organization deciding to change their model for meetings. Any fundamental change in conditions can create the need to re-examine the foundation documents.

When an organization reaches roughly \$50M annual revenue, the old foundation no longer fits, because there is usually a new physical space, and communication has

become much more complex as the size and staff of the entity grows. It is time to revisit and revise the strategic framework for the journey toward a larger organization. Trying to hang on to the operating rules that applied on starting up will be a formula that severely limits future growth.

Another significant shift occurs somewhere between \$100M and \$200M annual revenue. By that time, the organization is a fully operating business entity with all the advantages of size, but with all the complexities and bureaucratic pitfalls that beset a large organization. Once again, it is imperative when organizations go through this metamorphosis that the foundation be resized to work correctly. The operating realities of a large organization are vastly different from a mid-sized company, and the strategic framework must reflect these realities or the organization will suffer.

It is a best practice to review and modify an organization's strategy about once a year to verify it is still configured correctly for the current business situation. Normally these reviews can be done quickly with emphasis only on what has changed since the last review. As the organization reaches certain milestones of size, however, it is time to take a deeper look and make a zero-based activity of the strategic review. This will allow the strategic plan foundation to match the current business reality.

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