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Got Growth?

Entering the 'go-go' zone with your eyes wide open

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You've finally made it! Sales are booming, clients are coming out of the woodwork, and it feels like you can do no wrong. You have fought so hard and so long to define your value proposition and get to your target market. Along the way came the cash-flow crunches, the stress of growth and new faces, agonizing over every lost sale. But now you made it, you're there, the place everyone wants to be, the "go-go" stage.

Now the problems begin to change. When you're moving as fast as you can just to keep up, it becomes a struggle just to fill orders and deliver. Systems and structure you fought so hard to create feel obsolete, more of a nuisance than a help. You find yourself and your team cutting corners just to keep everything moving, always concerned about getting buried by success.

You find ways to cope. Marketing begins to take a back seat -- after all, why worry about that when sales are off the chart? Quality control is so time-consuming, surely just a bit more flexibility there won't hurt. Commitments not met aren't as big a deal -- after all, most of your clients are happy just to get something. And you begin to get antsy. If we are so good at this, why not try something different? Focus begins to stray. No reason for concern, cash flow is great and sales are setting new records every month. Then it happens.

A client cancels an order after you shipped it to him wrong ... twice. Staff performance starts to drop off; I mean from the stars that helped get you here. A competitor with a quality alternative begins to interfere with your sales opportunities. The bank calls and it's time to pay off your line of credit for a month but you have no cash. How can that be?

But don't fret. It's typical for firms to get to go-go by being entrepreneurial and creative. Controls are loose because you want to maintain flexibility. Rules are more like guidelines, not laws, and this approach has served you and your team well. No longer. Things are

beginning to get out of control, and the hunger for flexibility has deteriorated your ability to manage. Predictable results? How can you be expected to estimate your sales in six months when every month you hit a new high? When everything is moving so fast, how are you supposed to accurately track all your costs? Where do you find the time? Or the time to hire someone to do it?

The go-go stage is incredibly difficult. It is intoxicating -- the hardest to escape from, and the most lethal. This is when the problems of the past you finally figured out how to deal with all seem to go away. And new problems, those you never saw coming, begin to loom large.

Problems like cash flow. "But we are selling more than we ever have before," you cry, "how can this be?" It looks like you're making money, but the reality is you're probably not. Lack of controls, poor accounting practices and hidden costs associated with sales are just some of the culprits. You can actually appear to have strong cash flow and fabulous sales and still not realize you are losing money. Clearly not a sustainable way to operate, but it's often too late when you realize the damage that's been done.

Go-go-stage firms are focused on revenue, not profits. When you're moving that fast and selling that much it is very easy to get overextended funding your receivables, inventory and labor. The answer is to shift your focus from revenue to profit.

Another way to think about it is shifting from "more is better" to "better is more." That place where systems and structure provide security and clarity and the entrepreneurial spirit that served you so well has to be controlled. You begin to feel a loss of control and dissatisfaction, and can no longer do what you want when you want the way you want. This is also the time for an identity crisis, a time when people begin to work for the company, not you. Self-governance becomes critical, and you begin to feel yourself flailing.

I paint a bleak picture only to gain your attention and raise awareness. Go-go can be a wonderful time, and the stepping stone to the development of a fabulous future, an inevitable and unavoidable stop along the journey. Nonetheless, the risks are great and well-hidden. It is easy to be consumed by the success so common in the stage, and fail to force yourself to grow out of it.

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