BUSINESSES DON'T FAIL *They Commit Suicide*

How to Survive Your Company's Success and Thrive in Good Times and Bad

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Businesses Don't Fail, They Commit Suicide
How to Survive Your Company's Success and
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you have a hand (or maybe a finger) in the stew that became this book. You've all helped me realize one of my lifelong goals.

With deepest gratitude and respect to you all.

PREFACE

How This Book Came into Being

There are a thousand reasons to blame others for your failure, but none of them will give you success, The only way to succeed in future is by taking responsibility of your present failure.

—Jiten Bhatt[1]

The Question that Drove Me

Ever since I was twelve years old, one question has intrigued me: Why do businesses fail?

I was a child of a business legacy. My father's ancestors came from Russia through Europe landing in Canada in the mid-1800s, where they established our family business selling hides and furs. Failing to adapt to Canada's weather, they moved south to Texas, where the hides and furs business born in Canada transitioned into

[1] Bhatt, Jiten. *QuotesLyfe,* https://www.quoteslyfe.com/quote/Take-action-An-inch-of-movement-will-32316

an agricultural scrap-metal and used-equipment business. The heat and humidity eventually drove them north following the path of migrant farmworkers in the late 1800s. The search for home stopped when they reached the Nebraska sand hills and their successful business transitioned once again into agricultural and automotive dealerships, an auto parts store, and machine shop.

Although ours was a small business located in the panhandle of western Nebraska, my father and grandfather had built an interstate reputation for our machine shop work, recognized from Wyoming to Missouri, Texas to North Dakota.

My father didn't particularly like the business we were in even though he was fascinated by it; it was familiar, if not comfortable.

Dad's natural state of being was to worry about something whether he needed to or not. Business is a cruel mistress, always demanding attention, occasionally giving pleasure. Fun and business go together about as well as an accountant doing stand-up comedy. It can happen; it's just not common. This was my introduction to the world of business as the fifth generation of a family-owned business. Doing business was serious.

What Dad really loved was to talk about business. Everywhere we traveled, he talked to any and every local auto parts store owner he could find. A vacation for my father was discussing the business of doing business with business owners regardless of their business. If he couldn't find a business owner, he would go to a local bar and pump the bartender about what it was like to be a bartender. And then he'd ask about the local business climate.

Consumed with his work, my father was full of experiences, questions, and distinctive platitudes—both positive and negative—which he was never shy about sharing.

"Goliath was killed by an assumption."

"No business ever went broke with money in the bank."

"Persistence is the most important thing—you can't fail if you never give up" (one of my personal favorites).

"Giving a customer credit is the most intimate thing you'll ever do."

"What happens if we go to work today and the phone never rings?"

"I'm most worried when everything's running smoothly because I know I'm missing something" (I think this one made us both a bit neurotic).

> **Intimacy and Credit**
>
> Prior to the 1970s, our auto parts business was 95 percent wholesale, which means we did business with auto repair shops, body shops, car and agricultural dealerships, farmers, and ranchers. When these people needed us, something was broken and they were in a hurry. That meant charge accounts, which allowed us to bring parts and supplies to them, or for them to run into the shop (store) and out quickly with what they needed. Because we were giving them credit for their purchases, we had relationships with them that made their finances our business, to a degree. That was the intimacy he was talking about.

It was the fall of 1970, a few years before the Arab oil embargo was about to wreak havoc on the US economy. I walked into my father's office where he'd created a cocoon-like comfort zone buried in the bowels of our auto parts store with years of paperwork purposefully piled high enough to create a wall between himself and the world outside.

Louis Mandelberg, Dad, had one of those looks on his face. I knew his head was in there somewhere, back in the past. He was bored and had been reading something from the top of one of the piles near him. Whatever he'd picked up had clearly captured his attention.

"We went from about three hundred car manufacturers to three in about thirty years," he said. "How did that happen? How can an industry be born, create that many new businesses, then watch most of them go away in such a short time? I can't understand how that's even possible."

His questions got me thinking. My most informed direct business experience was with our family business, which, by that time, had been around for over 120 years. Our location had changed, as had our products and services. We'd adapted to change and survived.

I understood the history of the new car industry even though I really didn't care much about it or why all those car manufacturers had failed, many of them in their early years. As a math geek in grade

school and high school, my default thought processes evolved into identifying the facts I had, looking for those I wanted and didn't have, and following a logical path toward a position or belief. What I really wanted to know was what would make any business fail, and I didn't have nearly enough facts.

This way of thinking led me on a journey filled with profound insights. I believed the number of things that could cause businesses to fail was relatively small. I also believed that identifying those things would help me help leaders understand and prepare to avoid whatever was triggering failures before it was too late. Now I needed to figure out what those causes were.

So, why do businesses fail?

My search for the data and the answer began in my teens when I struggled to balance all the distractions of college life against my curiosity. The pull of the search won as my career began in earnest while I worked for auto parts stores and distributors. First in Lincoln, Nebraska, then to Portland, Oregon.

Throughout my time traveling, Dad and I spoke multiple times every week. We were in constant contact, as we had been since I started working with him at age twelve. During one of our conversations while living in Oregon and looking for my next thing, Dad told me he'd always wanted to open a branch in Lake Tahoe, California. We agreed I would go down and check out the business environment while looking for potential auto parts stores whose owners might be willing to sell.

With over twenty auto parts stores around the lake, the economic environment had turned hostile. In addition to the region suffering a devastating drought, interest rates had soared above 20 percent and most of these auto parts stores were on the brink of failure. The Tahoe expedition eventually led to our purchase of an auto parts store about two hundred miles north in Clearlake, California, on February 15, 1980. This was the beginning of my real-world research. I had to close the doors almost six years later. Yes, it seems my failures led to the failure of the business and the inescapable truth that I'd unwittingly committed business suicide. Turns out, I used to be pretty good at doing that, as this wasn't my last time.

In the ensuing thirty-plus years, I've owned ten other businesses representing nine industries. I sold my share of Square Tree Software, my last brick-and-mortar technology company, to my partner on December 31, 1999.

Since 2000, my primary role has been as a consultant, working with leadership teams to evaluate their organizations, share the common problems associated with their stage of maturity,[2] and provide whatever help they need/want to avoid the common pitfalls of change and ensure continuous success.

[2] The concept of organizational maturity, the cornerstone of my findings, is covered in chapter 1.

Introduction

How to Read This Book

I began looking for answers to the elusive "Why do businesses fail?" question in my second decade and found them in my fourth. Realizing the breadth and depth of organizational structures and offerings, I began by defining the attributes of the organizations I wanted to focus on and zeroed in on four:

1. A desire for generational sustainability.
2. More than one layer of management (i.e., organizations where everyone reports to the same person were not my target demographic). This typically results in a minimum of twenty employees.
3. No primary sources of revenue from retail activities. My experience with retail was minimal. While aspects of my findings apply to retail organizations, I have not researched their efficacy in retail environments.
4. Autonomous (i.e., organizations with the ability to make independent decisions based solely on the best interests of the organization). In practice, this means no publicly traded companies or organizations with absentee owners who retain decision-making authority. It also typically results in a maximum of approximately 1,200 employees.

This book chronicles the answer I found after twenty years of primary research with over one hundred companies and 250 executives. It includes my findings, the only three reasons businesses fail, and eight leading nonfinancial indicators of organizational capacity to create profitable growth and sustainability.[3] Together, these indicators become the Mandelberg Business Managers Reality Index (Index).

Completing an Index scorecard survey results in a list of Index indicators ranked by relative strength, unveiling the organization's greatest weaknesses and current level of maturity. The scoring process, an online survey, becomes a psychological commitment because of the implicit need to face the underlying truth of the personal reality of each person who completes one.

Organizational maturity is foundational to my findings and further explained in the first three chapters. The weaker indicators point leadership to areas that require prioritized improvement. Maximizing each indicator is key to a sustainable, profitable existence while navigating the inevitable changes that occur in good times and bad. I've been successfully using this research to help businesses prepare for and navigate change ever since.

Index validation began with personal interviews of forty-six leaders/owners of companies conducted between May 1, 2003, and January 6, 2005. Their industry segments included legal, marketing, construction and housing, security, accounting, technology, distribution, casinos, nonprofit social benefit organizations, and public sector groups. Between January 6, 2005, and December 2008, I met with approximately sixty additional organizations. In total, over 250 individuals were interviewed.

Each interview included completion of an Index scorecard and review of the results by everyone who completed one, both staff and leadership. Each completed their own scorecard. Roughly half the interviews took thirty to ninety minutes, including explanations and discussion. The balance wanted more details, which took between three and six hours. Due to the slow and often-unrecognized nature

[3] My research participants asked a number of questions; most common among them were related to finance, which is addressed in chapter 1. Others frequently asked questions about the age or size of a business, which has no bearing on the likelihood of failure. Every business can fail at any age or size when leadership fails to fulfill their most basic responsibilities—ensuring the 3Ps (Chapter 2) are achieved.

of early business failure, evaluating efficacy of the Index can only be done by leadership and staff within each organization. The results from each completed Index were validated by their respective participants. While a large minority were surprised by their results, *every participant, leadership and staff, felt the Index was accurate.*

This book explains the framework of the Index and how to use it for your organization.

The anecdotes in each chapter are woven with threads of truth spun from personal experiences accumulated through my forty-plus years of business ownership and consulting with clients in each stage of maturity. They highlight one or more aspects of the chapter's content.

As you may suspect, professional ethics and legal confidentiality agreements serve as modesty panels between absolute truth and the details of each anecdote. The anecdotes are designed to create a state of mind that helps you engender empathy for the emotional highs and lows each chapter can evoke. By doing so, my intent is to help cement several truths I've come to believe. I hope you find my storytelling entertaining and effective.

Chapters 1–3 describe the basics of my research. They introduce you to the Index, its eight indicators, the three operational imperatives, the three stages of organizational maturity, and the problems with success. Chapters 4–11 provide insights into each of the indicators, the benefits they provide, and how to create, implement, and maintain them. The last chapter talks about how to get them all implemented.

Proper implementation of the indicators requires strict adherence to the following four principles:

Index principle 1: Must exist in writing.
Index principle 2: Must be clearly and accurately understood.
Index principle 3: Must be shared with the appropriate people at the appropriate times.
Index principle 4: Must be embraced, modeled, and used by leadership and staff.

May this book serve you well.

PART 1

GROWTH AND MATURATION

As this is a business book, I suspect some of you are preoccupied with the absence of a finance chapter and yearning for some numbers. For the concerned or distracted finance-focused readers, here's a bone for you. The number of businesses in the youth stage of maturity is constantly increasing, while the number of businesses in the adolescent and adult stages is constantly decreasing.

A steady stream of new organizations launches every day. Most of them start with inexperienced leadership taking their first entrepreneurial steps. Because there are more of these businesses than adolescent or mature businesses, there are more opportunities for failure and more failures.

This will be true for the foreseeable future, certainly until America stops fostering entrepreneurship and innovation, which I don't see happening in my lifetime. Even during periods of natural disasters such as the COVID-19 pandemic of 2020, new opportunities arise just as stability tends to become less certain. Entrepreneurship and the ability to achieve personal goals are

fundamental aspects of the American dream. It's in our DNA, something that can't be extracted or suppressed regardless of the political or economic climate.

Chapter 1

A Murder Mystery…
or Was It Suicide?

It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so.

—Samuel Clemens[4]

If you struggle with the idea of a business committing suicide, how do you explain what happens when a business fails? Clearly, a business can be intentionally driven to failure, yet the thought of such an effort seems foolish and not in keeping with the general intent of a business.

How then does a business fail? If failure is not self-inflicted, how do we determine the cause? Regardless of the environment or circumstances around its failure, when a well-conceived business fails, something has gone wrong.

I believe responsibility for organizational success belongs exclusively to leadership. These are the people with authority to make any decision they deem necessary for the health and well-being of their

[4] Clemens, Samuel. "Mark Twain > Quotes > Quotable Quote," *Goodreads*. Goodreads Inc. https://www.goodreads.com/quotes/7588008-it-ain-t-what-you-don-t-know-that-gets-you-into.

organizations. Therefore, failure, whether unintended or deliberate, is a failure of leadership. As a failure of leadership, it becomes self-inflicted.

Hence, self-inflicted failure is business suicide.

While there are many ways to interpret the meaning of business suicide, this book is an exploration of how to avoid it and build a successful, thriving business.

Sidecar Coffee

It was five thirty in the morning and still dark out. I didn't realize Sidecar Coffee wasn't open until I pulled into their empty parking lot.

Maybe they're closed on Mondays. I'm sure I've been here on a Monday before…haven't I?

Got out of my car and walked through drizzling rain up to the front door looking for their hours or something that said they were closed on Mondays.

But no.

What I saw was a building with coffee-brewing equipment, trash, pieces of shelving, and display cases, all broken and strewn haphazardly across the hollow interior of a once-thriving coffee shop. And there I stood. Cold. Wet. Dazed.

Gone. When? Why? But…crap, where am I going to get…

Not really a big deal, certainly not a problem with a Starbucks on every corner. It wasn't that I couldn't get my espresso; it was that

A Well-conceived Business

1. It offers one or more products and/or services desired by an existing market.
2. It offers its product(s) and/or service(s) for a cost that allows them to be sold/exchanged at an affordable price to the customer.
3. It exists to fulfill a need that has sufficient market demand and market capacity to purchase its products and/or services.
4. It offers and produces/delivers its product(s) and/or service(s) at a cost that allows for sufficient profits/funding to cover the costs of maintenance, operations, new product/service development, growth and, in the case of for-profit organizations, a return on investment.

my comfort zone had been invaded and all that was left were the broken remnants of a business I still felt very connected to.

What happened to Michael? I hope he's okay. Why didn't he say anything? Maybe I could have helped.

I was having some trouble absorbing the reality staring me in the face—my friend, entrepreneur, and favorite barista was gone…

Why Do Businesses Fail?

The Sidecar Coffee story is about business failure with no readily apparent reason. Business failures have always been far too common for me even when environmental factors like the Great Recession[5] and the COVID-19 pandemic of 2020 are considered. While leaders of failed businesses I've spoken with have reasons, those reasons usually sounded more like excuses, as if the leaders never really understood what happened and why their businesses failed.

The question arose for me when my father's curiosity led him to ask me how hundreds of automobile manufacturers came into being

The COVID-19 Factor

From Barron's "The Striking Price" column on December 28, 2020, titled *Placing a Bullish Bet on Disney Before Earnings.*

Walt Disney's strategic pivot in 2020—one of the worst years imaginable for a theme-park operator—is a case study of how effective leaders are often a company's most important asset.

Executive abilities are never carried on a corporate balance sheet or given some tangible valuation, but Disney executives are proof of just how much a good team can accomplish even under dramatic pressures that seem to threaten the economic essence of their company (italic emphasis added by Mandelberg).

When investors were determined to see nothing but trouble for Disney as the COVID-19 pandemic threatened earnings by shuttering theme parks, the company's leaders developed a streaming-content strategy that has seemingly changed the company's fortunes on Wall Street.

Disney stock, which was largely written off as a casualty of the COVID-19 pandemic, has since become one of the great success stories of a difficult year. Shares are trading near a fifty-two-week high, and investors are excited about the future, especially as the pandemic seems poised to end in 2021 thanks to the vaccine rollout.

5 History.com Editors. "Great Recession," *History*, A&E Television Networks LLC, 11 October 2019, https://www.history.com/topics/21st-century/recession.

between the late 1800s and 1908 only to see most fail over the next three decades with Ford, General Motors (GM), and Chrysler dominating the market. Having no idea how to answer him and unfamiliar with formal research practices, my curiosity had been kindled.

With no internet, efforts to find answers began with conversations with other business leaders I was exposed to through my activities at school, traveling with my family, and at our auto parts store. My informal research began in the summer of 1975 between high school and college with a focus on start-ups.

Start-ups were easy to find and appeared to do a lot of failing. The most frequent comment I heard from people who had reason to know something about them was, start-ups usually failed in the first three years, and any that survived would probably last a lot longer.

Taking their comments as factual, I concluded start-ups must suffer some form of false belief caused by inexperience and lack of maturity, much like teenagers—certain they know everything there is to know, unaware of risks, and routinely getting into trouble. Being immature and inexperienced made no sense to me for two reasons.

The Auto Parts Business

New automobile manufacturers started appearing in the US in 1893. Thirty American manufacturers produced 2,500 motor vehicles in 1899, and some 485 companies entered the business in the next decade. The number of active automobile manufacturers dropped from 253 in 1908 to only 44 in 1929, with about 80 percent of the industry's output accounted for by Ford, General Motors, and Chrysler, formed from Maxwell in 1925 by Walter P. Chrysler.[6] (A loss of 471 new car manufacturers, 91.5 percent, in a thirty-year period.)

First, starting a new business requires money. Whether a self-funded entrepreneur or financed by third parties, few are willing to

6 Bicycle mechanics J. Frank and Charles Duryea of Springfield, Massachusetts, had designed the first successful American gasoline automobile in 1893, then won the first American car race in 1895, and went on to make the first sale of an American-made gasoline car the next year. History.com Editors. "Automobile History," *History*, A&E Television Networks LLC, 21 August 2018, https://www.history.com/topics/inventions/automobiles.

invest in a start-up if they believe it's likely to fail in three years. If failing in their first three years was accurate, investors would figure out what was causing failure and how to avoid it.

Second, many start-ups were successful the moment they launched. They made money, grew, and prospered for years and years. My research indicated their success wasn't related to planning or any lack thereof. There had to be something different about the start-ups that became successful and avoided the three-year failure scenario. This second reason turned out to be the key to finding my answer.

Experience is the teacher of all things. (Julius Caesar)[7]

What Is a Start-Up?

For the purposes of this book, I define a start-up as a new organization created by a handful of people with few, if any, customers, products, or services. They tend to be funded by the founder, their friends and family, and operate informally. While information in this book has been used and proven valuable to several start-ups, it is not written with them in mind. See the introduction for more details.

The successful businesses in my initial research had leadership teams with prior relevant experience. I'm not saying every business with experienced leadership succeeded. I am saying those who succeeded had support and guidance from people who'd been through the grind in one way or another and didn't need to do much learning on the fly.

Additionally, documenting details of businesses that eventually failed helped me recognize their failures had nothing to do with their age. Although start-up failures were often connected to lack of leadership team experience, the reasons for success and failure were much more complicated.

A speaker at the 2007 annual conference of the Institute of Management Consultants—USA, Michael Mann, shared a wonderful

[7] Caesar, Gaius Julius. "Gaius Julius Caesar > Quotes > Quotable Quote," *Goodreads*. https://www.goodreads.com/quotes/308892-experience-is-the-teacher-of-all-things.

story about Sam Walton, founder of Walmart. It brings the concept of experience and how it relates to maturity vs. age into sharp relief.

Sam Walton was known for avoiding interviews and publicity. Through a series of unplanned events, a high school girl found herself in Sam's office interviewing him for a school project.

"Mr. Walton, you've become one of the most successful businessmen in the world. To what do you owe all your success?" asked the student.

"Good decisions," Walton answered without hesitation.

Somewhat surprised by his swift and succinct response, the student paused to gather herself, took a deep breath, and asked, "Mr. Walton, how did you learn how to make good decisions?"

Again, Walton barely took a breath before replying, "Experience."

The girl was frustrated and struggled to hide her dismay. It was clear her interview was not going the way she had expected. "Mr. Walton, how did you get *your* experience?"

"Bad decisions," he said after a brief and powerful pause.

Thus endeth the interview.

Experiences are the bricks that pave the road to maturity. Maturity is what you acquire as you make the journey and grows with each new experience. Organizational maturity encompasses both leadership and staff. My research led to the natural segmentation of maturity into three stages:

- Youth: minimal organizational experience
- Adolescence: narrowly focused depth of organizational experience
- Adulthood: broad and deep organizational experience

Each stage of maturity correlates to the depth and breadth of accumulated leadership and staff experience. Understanding the relationship between experience and maturity will help leaders apply the concepts in this book and minimize the bad decisions that lead to self-destructive mistakes.

It's Not Bad Luck, It's Bad Leadership

One of my first analytic efforts was to inventory potential triggers of business failure and look for ways to avoid them. Part of the process involved finding businesses that were suffering, exploring the context and underlying factors of their problems with their owners and managers, and documenting them. Zeroing in on the problems and underlying factors became an interesting exercise.

Most of the businesspeople I spoke with thought they knew exactly what their problems were, which was a problem in and of itself. As a financially disinterested observer, it was easier for me to see their perceived problems were actually symptoms. Their inability to recognize the underlying problems behind the symptoms (what I call root problems) was part of why these businesses were in distress. In effect, treating symptoms ignores problems, and treatment efforts will likely be fruitless.

Once I recognized the tendency to focus on symptoms as root problems, I began looking for indicators that would consistently and accurately predict potential business failure.

Symptom	Root Problem
Dramatic loss of revenue due to external forces (i.e., it wasn't our fault).	Dependence on limited, interrelated revenue sources.[8]
Receivables eating up available cash and turning sales staff into debt collectors.	Sales and collection systems are not aligned with customer ecosystems or internal operational needs.
Internal silos keep departments and staff from talking and working with each other.	Failure to demonstrate how individual and organizational success depends on the coordinated efforts of many.

[8] Many small businesses, including retail and restaurants, were able to survive the COVID-19 economic crises of 2020–21 due to diverse and creative approaches to delivering value to their customer base and finding new markets to serve.

One or more managers routinely losing staff and ignoring the rules.	Poor recruiting, onboarding, training, and/or management of managers.
Operations are a bureaucratic nightmare where nothing gets done.	Authorities and responsibilities are out of balance.

While these are generic examples, they expose the urgent and emotional aspects of symptoms. It becomes easier to see how the focus of management can be captured by symptoms while root problems tend to remain hidden or overlooked.

> *"…lack of funds is a lagging financial indicator and can never be the reason a business fails."*

Virtually everyone I spoke with included money as part of why their organization failed, as if more cash or credit would have given them time to solve their problems. Most of the time, in my experience, the impact of having more money is more money wasted coupled with delayed failure. Unfortunately, for those looking for excuses, lack of funds is a lagging financial indicator and can never be the reason a business fails.

All financial indicators are objective measures of historic reality and can't expose problems until they're revealed in a reporting mechanism. By the time they are identified, it's likely the harm has been done.

> *"While financial problems are never the cause of failure, they are critically important as lagging indicators of bad decisions—"*

When a business starts having problems with cash, it's an important symptom of something wrong. What the lack of cash doesn't tell you is what that something is. That's where leadership needs to be on its toes. While financial problems are never the cause of failure, they are critically important as lagging indicators of bad decisions—decisions that are either poorly thought-out, poorly executed, or in pursuit of inappropriate objectives.

As I began writing this book, a colleague noticed that there was no chapter on finance.

"How can you write a business book without a chapter on finance?" he asked.

I explained that my research led me to some interesting realities about money and finance. It's not the lack of money that causes problems. Most often, it's the business's inability to manage its financial resources.

At this point, I had accumulated some good information and identified several important business failure facts (BFFs 😖 🙄 😉):

- Symptoms are often identified and treated as root problems.
- Finance is a lagging indicator of existing problems, aka a symptom, never the root cause.
- Start-ups that survive have access to experienced leadership.

These findings became the seeds of the Mandelberg Business Managers Reality Index (the Index), the tool I developed to measure the capacity of an organization to create sustainable, profitable growth using leading nonfinancial indicators, aka to *thrive and survive*.

The Common Denominator

The reason for chasing all this data was to find leading indicators that would help businesses and their leadership teams avoid unintentional, unnecessary, and premature failure. I searched for those indicators through nine years of education, running multiple businesses, and twenty years of talking to businesspeople. After combining that research with 150+ years of family business knowledge

and experience, I eventually came to understand a simple truth that was the key to developing the Index.

A successful and well-managed business doesn't spontaneously start having problems. Problems begin when change happens.

Change was the common denominator in every business failure I'd researched, yet I still didn't have the answer. I did have a lot of questions.

> *What aspects of change were harmful enough to cause a business to fail?*
>
> *If change is inevitable and the underlying cause of failure, how can a business protect itself in a constantly changing world?*
>
> *How can a business create the durability and resilience to adapt to constant change?*
>
> *What does a business need to do with unwavering consistency to thrive despite the changes happening around it?*

When anything in the business environment changes, whether internally or externally, the business will be impacted. It could be a new competitor or service that makes your offerings less valuable. It could be internal departments adjusting to meet client demands and creating confusion for the customer about whom to contact when help is needed. Change often creates unexpected problems with no instructions on how to handle them. When leadership doesn't have the experience to deal with those problems, they can make mistakes that accumulate and eventually harm the business.

It's not just the sense of doing something wrong; it's the sense of not knowing what to do and being forced to rely on experiences that have limited relevance to the immediate problem. All too often, solutions that worked under different circumstances can be toxic when used to solve current problems. When the wrong solution is implemented, the degree to which the business is impacted can vary, but there is always an impact. When the impact is small, it can go unnoticed or get lost in the day-to-day activities of the business. When the impact is substantial, it can create serious issues.

Key Points

Businesses have been starting and suffering the destructive effects of change ever since mankind grasped the idea that goods and services can be exchanged for mutual benefit. The ability to anticipate and smooth the disruptions of constant change is a trademark of good leadership.

A successful and well-managed business doesn't spontaneously start having problems. Problems begin when change happens.

Mistaking symptoms as problems is one of several destructive behaviors that underlay leaderships' inability to deal with change efficaciously.

There are three stages of organizational maturity, which encompasses both leadership and staff:

- *Youth*: minimal organizational experience
- *Adolescence*: narrowly focused depth of organizational experience
- *Adulthood*: broad and deep organizational experience

Each stage of maturity correlates to the depth and breadth of accumulated leadership and staff experience.

This concept of maturity is foundational to all the information in this book.

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About the Author

A nonrecovering serial entrepreneur, Larry Mandelberg solves complex business problems. With a four-generation head start, this consultant, speaker, and author represents the fifth generation of his family's business, inheriting "150 years of successful organizational experience."

Larry is an effective catalyst for change who achieved new levels of success and growth for businesses in industries as diverse as software, automotive aftermarket, education, and agriculture.

Propelled into writing from his years of experience, Larry has published more than eighty columns ("Eyes on Business") and developed a loyal following. His first book, *Businesses Don't Fail, They Commit Suicide*, details his decades-long search for the answer to "Why do businesses fail?" and his findings.

Mandelberg is a student of organizational lifecycles and has developed the Business Managers Reality Index to help businesses create sustainable growth and avoid suicide. The Index is noteworthy for its ability to objectively measure an organization's weaknesses with a practical, easy-to-use, easy-to-understand scorecard. Its significance is its keen accuracy with minimal investments of time. Its value is in its ability to objectively measure subjective organizational characteristics: clarity of purpose, consistency of performance, and engagement of people. The Index scorecard induces a psychological commitment from the implicit need to face the underlying truth of each individual's personal reality.

Larry has launched four start-ups, led a merger, and conducted a successful turnaround. Among his thirteen businesses, he's also had the unfortunate pleasure of suffering business suicide firsthand.

Mr. Mandelberg has been a guest on television and radio programs talking about business and entrepreneurship. He provides leadership team development, change mentoring, strategic planning, executive coaching, and ethics training to midsize organizations and their boards through his consulting practice.

Larry has been delightfully married to his wife, Nancy, since 1982. He received his MBA from Drexel University and currently serves as board chairman for Innovative Education Management. Mandelberg has provided training for Cooperative Personnel Services (Influence with Integrity) and taught team-building classes for the Sacramento Entrepreneurship Academy.

Larry may be reached at https://mandelberg.biz/.