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Creating a Mindset for Fast Growth

What lessons have CEOs at the helm of fast-growth companies learnt? **Mary-Anne Baldwin** finds out

The challenge for the leaders of fast-growth companies is to master the art of reinvention. Not every company will make the journey. Criticaleye looks at some of the common barriers that need to be overcome when scaling-up a business at pace:

Attitude is Everything

The priority for any leader of a fast-growth business is to bring in people who can cope with the demands of ongoing change. **Jim Macdonald**, CEO at Calvin Capital, says: “We altered our recruitment policy. We had always recruited on a skills and capability basis but changed our first priority to recruiting on the character of the individual and whether we believed they could lead us to growth.”

For **Joanne Thompson**, CEO of Penrillian, a shift in mindset has been crucial as the software company moves from providing clients with one-off technology solutions, to rolling out its own white-label products.

“The most critical barriers for us to overcome are the ones we set for ourselves through our own lack of imagination, or by too readily accepting the constraints imposed by our current environment,” she says. “By accepting a limit on what’s possible, you make it more difficult to innovate and impossible to completely re-envision an environment in which you’re able to grow rapidly.”

Matthew Blagg, CEO of Criticaleye, agrees that leaders must promote a shift towards a forward-thinking approach.

“A business going into growth needs to unlock inhibitors and ensure it is not wedded to the things of the past. It must create an adaptive culture, recognise the potential it has and speed up all elements of the business,” he says.

Stay on Top of the Numbers

Many promising businesses have strayed off course due to poor financial management. As **Jim** notes: “One of the common barriers is not having the funds; there’s no point having a strategy for growth if you don’t have the finance behind it.”

This is something **Jay Patel**, whose experience covers numerous rapid-growth businesses from publishing to online retail, has learnt first-hand. >

Jay, who is now CEO of IMImobile Europe, a software and solutions provider for mobile communications, explains: "A lot of entrepreneurial companies misunderstand revenue growth for success. They typically over service clients and don't make any money. They then tend to struggle when it comes to funding future growth.

"Anyone looking at growth initiatives should make sure they measure it properly – revenue can be a crude measure."

Walking the M&A Tightrope

An acquisition can rapidly change the fortunes of a business, for better or worse. This is why plenty of thought and planning must go into deciding whether the target company is the right fit.

It's something that **Steve Richards**, CEO of Casual Dining Group, knows all about. The multi-branded restaurant company, with subsidiaries including Café Rouge and Bella Italia, acquired the chains La Tasca and Las Iguanas last year.

In the case of Las Iguanas, Casual Dining Group set up a devolved structure. **Steve** explains: "Anything to do with the consumer, people or brand, we left within the business. The Managing Director of Las Iguanas is continuing to run it with his team. We've integrated his IT and finance but haven't gotten in the way of his business. Getting that balance right is at the heart of the matter.

"Whenever you buy a business you have to remember that you're doing so because you admire it. We loved lots about Las Iguanas and the fact it's so scalable. The worst thing you can do when you buy a business is to homogenise it and turn it into your own. So many companies do that through M&A, but that certainly doesn't work for a consumer-facing business."

The tactics for combining two businesses will vary by sector, but in no case should the newly acquired entity become a distraction. **Stuart Lisle**, Tax Partner at professional services firm BDO, comments: "One of the big problems is not planning for integration ahead of doing the deal – a lot of companies focus on the deal first and then think about integration. Issues can build quickly when the two businesses are working on different systems or have different cultures."

Build Capability in Your Team

Questions on talent, capability and resources will dominate the thoughts of a CEO leading a business through rapid growth. Among the many questions, they will want to think about how much to spend on training and development, how you raise professional standards and improve processes, and whether the senior leadership team is capable of stepping up to the next level.

Joanne explains that she will need to build the company's workforce in order to match its growth trajectory: "What I am doing at Penrillian, as well as ramping up our permanent resources quickly, is looking to work with partners and contractors while in the process of achieving critical scale. That enables you to recruit in slower time the right people who are able to stay with you on your journey."

For **Jay** of IMImobile, an individual and collective sense of responsibility is important. "The one thing I always ask when a business is entering a period of growth is which one of my team is going to handle it? If you don't have that individual who has put their hand up it's very difficult to sustain growth, or even believe that you'll succeed," he says.

"We have people in 15 territories and operations in about 70, and the one characteristic in people across all those areas is that they are entrepreneurial self-starters that we've built trust in."

Matthew notes that the qualities and skills of the team you require are likely to change over time. "Rapid growth doesn't go on forever. You can have a team in which the executives are great for growth but not consolidation and the converse is true. A team can evolve if the appetite is there but you've got to invest in them as you're going along," he concludes. ■

Featuring Commentary From:


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