

PART 2 – Leadership Development for Organizations in Transition (EVOLVING RESPONSIBILITIES)

This is the second in a series of five related articles dedicated to Leadership Development for Organizations in Transition. The first article gave an overview of the four puzzle pieces necessary for the leadership team to transition, along with their evolving organization. The remaining articles will delve into more detail around each of the pieces I've defined as:

- 1. *Evolving Responsibilities***
2. *Efficient Structure*
3. *Effective Practices*
4. *Executing Plans*

Before addressing the more tangible pieces of Structure, Practices, and Plans, it is imperative for leaders to approach their development with the proper mindset. Skills can be taught, and new systems and management programs can be rolled out. Yet lasting personal development and true change occurs when they align with one's values and worldview. In some cases, that worldview or perspective on leadership must be altered for a major transition to succeed. Simply put: *What got you to where you are, will likely not get you to where you are going.* Which leadership responsibilities must evolve, and why? Let's start with the "why."

The Organizational Lifecycle

Similar to humans, organizations also develop through a lifecycle of growth and aging. Why is it important to understand which stage of development your organization is in? Because a challenge that is considered normal at one stage, may be a chronic problem requiring immediate attention in another stage. (Ref: *Corporate Lifecycles* by Adizes) Is it "normal" for a child to cry a lot, wake up often in the night, and have no control over bodily functions? Yes – if your child is 3 months old. No – if your child is 13 years old, or 30! Infants are extremely flexible, and need to be, but lack self-control. It's the same in an organization's development. A lack of formal controls, rapid change, very centralized leadership, and generalists doing whatever it takes, are normal for a young organization. There is a downside to the lack of controls, but at this stage it is important to remain flexible as they find their way in the marketplace. But as the organization grows and gets more complex, those very same traits can be detrimental and actually hinder future development.

On the flip side, older humans have more control, but have lost much of their flexibility. Organizations can also "age" and evolve into a bureaucracy with many controls, and little tolerance for creativity or flexibility in their processes. Properly maturing organizations focus on developing through the normal challenges, or "growing pains" of their current stage, so they are better equipped to handle the even more complex challenges of the next stage.

“Adolescence”

If your organization has successfully developed through Infancy and had a strong Growth Spurt, you will inevitably begin facing *Adolescence*. Adolescence is not only a difficult stage in human development, it is likely the most critical transition a growing organization will face. It is actually a transformational stage where many will begin to decline. The ideal is to develop into your “prime” – that optimal balance of *adequate controls*, while maintaining *sufficient flexibility*. But first, you must survive adolescence. That means, navigating that awkward stage when your organization is no longer small, but also doesn’t have the systems and leadership structure of a more mature organization.

The following are a few examples of challenges *you can expect* after growth and entering adolescence:

- Internal conflict between “the old and the new”
- Inconsistency in operations
- Seeing the need for more “specialization” of roles
- The need to focus more on systems and policies
- The founder starts becoming subject to the organization (must follow its processes/policies)

The challenges listed above are difficult to work through, but they would be considered “growing pains” or normal at this stage. An example of problems that would be considered “unhealthy” at this stage, requiring *immediate* attention include:

- The founder violating new policies
- Sticking with “quick-fix” solutions
- Refusal to delegate
- Loss of trust and respect
- Exodus of the entrepreneurs

In human development, an adolescent also struggles with the transition from being a youth who is always told what to do, into an adult responsible for making their own decisions. In younger, entrepreneurial organizations, employees often look to the founder/leader for all decisions. As the organization grows, more decentralization occurs with the delegation of many decisions. This is a difficult transition for organizations as well. Will newly appointed managers be allowed to make their own decisions? Are they equipped to make decisions on their own based on a clear understanding of the values and goals of the organization?

There is a type of “re-birth” at this stage. One of the most difficult transitions is to have employees change their primary allegiance from the *Person*, to the *Purpose* of the organization. In the early years, employees are attracted to the founder/entrepreneur and his or her knowledge, skills, or passion for the mission of the organization. But what happens when that leader is no longer there? Without successfully transitioning through adolescence and moving everyone’s focus to perpetuating the *entity’s* purpose, the leader’s departure is often the beginning of the end.

Leadership’s Evolving Responsibilities

Obviously, the organization is *not* what it used to be. It is now larger, more defined, and more complex than it was in earlier stages. Larger not only in revenues, but in the number and diversity of employees and departments, the number of clients, and the ways of getting things done, etc. As the organization develops through adolescence, more systems, structure and defined processes must be put in place, and roles become more specialized. These changes are essential to allow the organization to support its continued growth and effectively manage the additional people and complexity.

This is also a time that the founder or leader can no longer be a law unto themselves. They should lead by example in utilizing the new systems and processes. So in a sense, they are now becoming subject to the organization, versus the organization to them. Many entrepreneurial leaders will struggle greatly with this transition.

Effective leaders at this stage begin working more “on” the business, not just “in” it. Administrative and process improvement skills take a higher priority, with a focus on consistency and systems, role definition, plus documenting policies and plans. It is often at this stage that the leader will recruit a new operations-oriented leader with the skills to implement the necessary structure and systems.

The ultimate goal of developing through adolescence is to create an “entity”, with defined mission and values, and systems that control consistency and quality. This entity should no longer be reliant on the founder to survive. There becomes a more established “way of doing things here,” also known as the organization’s culture. Leaders going forward are dedicated to serving the perpetuation and purpose of the organization so it will continue to thrive, even after they are gone. The critical *balance* to maintain while adding controls, is to not lose all the flexibility and entrepreneurial spirit of earlier stages.

Speaking from personal experience: Earlier in my consulting career I had a client in a growing technology company that became challenged in their “adolescence” stage as described above. The current president/owner did a tremendous job of growing the company over the years, but realized things now needed to evolve internally. I assisted him in trying to develop a management team to implement the four areas I’ve been describing for organizations in transition. He eventually realized it was not his skill set to work more “on” the business rather than “in” it. To his credit, he decided the organization needed a new leader to take it beyond this stage. After putting my name in the hat, I eventually became the new president and owner and spent the next stage of my career implementing the things discussed in these articles. The team was able to double the size of the company in five years, then became a top player in our industry throughout the next decade.

In Summary

No one knows an organization like the leader does. Yet, building and running an organization is different than changing one. Understanding the organizational lifecycle allows leaders to prepare for the challenges of growth. Effective leaders will not eliminate the inevitable problems of growth, but they do assure the organization has:

- The right skills and systems, at the right time, to solve challenges in the current stage...
- so the organization is equipped to move to the next, even more demanding stage.

The organization is not what it used to be – so neither should its approach to leadership. For a transitioning organization to continue its development, the leadership team must first embrace the need for *their* development and evolving responsibilities. With this mindset the stage is set for leaders to implement an *Efficient Structure*, that will support the organization’s continued growth.

Michael Wilkes & Company specializes in management consulting and leadership team development for closely-held businesses, churches, and nonprofit organizations challenged by the necessary leadership transitions due to growth or strategic change. For further information: www.michaelwilkesco.com