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Road to Success Must Traverse Painful Passages

by Jack Roseman, Contributing Columnist

The successful growth of a company always takes it through some painful passages. The way the founding partners relate to each other changes over time.

This is inevitable, but it's also tough. It's inevitable because as you get more and more employees, at some point it becomes necessary to create a structure. It's tough because it means that the people who founded the company and even the inner circle of early employees have to begin relating to the company through the structure, rather than one to one. And the competencies of individuals - whether they are founders or early employees - may not match the changing needs of the company.

Both have a lot of uncomfortable consequences, but there is really no choice. If you don't make that passage from just a bunch of people handling one or two customers to an organization with 100

employees, you may not survive.

Let me give you an example. Originally it was, say, just the four of you, and anyone could come in to the president's office at the end of the day and kick their feet up on the desk and shoot the breeze about what happened that day and the challenges facing the company and what to do tomorrow. But now, you have 100 people and you can't have everyone doing business planning that way. So how do you get things done? You have to institute a structure, but you have to do it without losing that ability to turn on a dime and give nine cents change. What this is about is growing without stifling the juices that create new products and new endeavors.

Maybe the challenge is most clearly seen in the owners and early employees. Up until now, for instance, one of the founders was vice president of sales because he had been a

good salesman. But with a growing sales force, managing becomes more important, so it's clearly time to hire a professional manager. So now, you have to convince this guy who started the company with you to step aside and answer to a professional sales manager.

"Wait a minute," he says, "You mean I no longer report to the president? And you're telling me the guy I hired a year ago, that's who you want to promote to sales manager? And now I work for him? Partner?"

That happens all too frequently. It even happens to the president. And it may even be tougher for the president, because often the product or service is his idea, and the company is his baby.

We entrepreneurs have a lot of wonderful qualities. We take leadership seriously. We're very good in communicating our vision. We build loyalty. But one of the things that drives us is we like to be in control. And when you

have six people working and you're the chief entrepreneur, there is no problem. It's not hard to say to your other five associates, "Before you get that brochure printed, let me take a look at it."

With five or six people, no big deal. But now, we have 100 people and we're growing like hell, and now that very important feeling of being in control is gone. Now, we have specialists working on brochures, logos, and putting together new sales presentations. And I want to see all of it before it goes out. I want to make sure it meets my standard. But because I have to see everything, before long there is a backlog of things that I can't get to. So what was at first a wonderful quality for an entrepreneur can eventually be his downfall.

The other common mistake is to install a professional manager and then work around him or her (and this can be anyone from sales manager to the president). Here's how that happens: You, former president, go to the new professional manager with an idea, but he doesn't like it. Okay, you think, you'll just go see your partner who happens to be the chairman and you will have a drink together, and you'll talk about some old 'war' stories, you'll get him on your side, and you'll get your way. That can't be permitted. Eventually, it could destroy the organization, because it will frustrate the professional manager to the point where he becomes ineffective.

I have no magic bullet that allows entrepreneurs to get around the passages issue easily. I can only say, 'Be aware that it happens,' and when it does, realize that the success of your enterprise in those periods of transition may depend as much on your recognizing the limits of your abilities and stepping aside, as it once did in using those abilities and taking control.

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