ABOUT THIS QUICK START GUIDE

This guide takes you through an OVERVIEW of Scaling Up and introduces you to the 4D FRAMEWORK taking you into each of;

**PEOPLE, STRATEGY, EXECUTION, and CASH.**

The last section outlines how to manage your Strategy and Planning Sessions. This can get you started in Scaling Up your business right now!

Fill in what you know as you go. It’s not necessary to work through the tools in any kind of sequence although completing the Rockefeller Habits Checklist upfront might well give you some insight as to where it makes the most sense to start for your organization.

“Get it down; then get it right”

The key is lots of iterations, reviewing and updating the growth tools every quarter. Routine will set you free.

For any help or assistance, please get in touch! Herb Cogliano 781-953-3355

herb@aspiregrowthadvisors.com
www.aspiregrowthadvisors.com
Infusionsoft, an Arizona-based provider of customer relationship management software, secured $54 million in growth capital from Goldman Sachs in 2013 and used the money to improve its product, invest in better services, and expand its customer base. Infusionsoft grew 53% the year before, with a $50 million run rate, and has plans to grow to $200 million and 100,000 small business customers by the end of 2016. Its #1 priority for 2013 was to increase its score from the Net Promoter System.

Infusionsoft is a “gazelle.”

“One of my team members took a picture of me while I was signing the deal [with Goldman Sachs],” Clate Mask, CEO of Infusionsoft, told Verne. “At the time, we were at our monthly off-site meeting, working on our 2013 and midrange plans. We were frequently referring to Mastering the Rockefeller Habits that day, and it happens to be in the picture. The Rockefeller Habits and its tools are discussed on a weekly basis among our leadership team. Your work has made a big impact on our company."

It’s been 12 years since Mastering the Rockefeller Habits was first released. Scaling Up (Mastering the Rockefeller Habits 2.0) is the first major revision. Having spent over 30 years helping more than 40,000 business leaders like Mask scale up their ventures, we’ve learned that CEOs and executives of growth firms want ideas and tools they can implement immediately to improve some aspect of their business - and want to enjoy the ride along the way.
People, Strategy, Execution, Cash

**EXECUTIVE SUMMARY:** A 20-minute overview providing busy executives with a summary of the practical tools and techniques for scaling up a business. Aligned around 4 Decisions every business leader must make — People, Strategy, Execution, and Cash — they also represent the four main sections of this book where more specific how-to information, along with mini-case studies and examples, are detailed.

---

**WARNING:** This overview contains a lot of lists to keep it concise — you’ll be drinking from a fire hose! But it will prep you for the rest of the book where the ideas will be served up in more bite-sized pieces.

---

Start up, Scale up, Sc@%w up …

… or Stall out (fail to scale)!

This sequence describes the life cycle of most businesses as they move up the S-shaped curve of growth. The key to scaling this curve:

1. Attracting and keeping the right **People**;
2. Creating a truly differentiated **Strategy**;
3. Driving flawless **Execution**; and
4. Having plenty of **Cash** to weather the storms.

---

Millions of people start new ventures, and of those that survive, 96% remain “mice.” It’s only a few — the “gazelles” — that scale beyond $10 million, $100 million, or $1 billion in revenue, the path that Clate Mask’s Infusionsoft (mentioned in “The Introduction”) is on.

Scaling Up gives you the tools to scale up 10x.
Scaling Up

Eventually, many growing firms — gazelles — get sold, some to “elephants” (and a rare few grow up to become elephants themselves), often crushing the innovative culture of what was a thriving, growing company. Completing the cycle, many of these big companies turn bad — often downright evil — and later become extinct or irrelevant at best. (Read Nassim Nicholas Taleb’s breakthrough book *Antifragile: Things That Gain From Disorder* for ways to inoculate your family, company, and country from this tragic ending.)

Because of the sheer number of start-ups and small businesses, there is a huge market for the myriad number of books supporting these entrepreneurs — the two best being Michael E. Gerber’s *The E-Myth Revisited* and Eric Ries’ *The Lean Startup*. The large number of entrepreneurs also forms a significant enough voting bloc to garner attention from politicians.

In turn, the sheer size of the Fortune 500 companies provides a huge feeding trough for the thousands of business gurus and the 11,000 new business books they release each year. These large firms employ expensive lobbyists to do their bidding with governments, receiving all kinds of special favors.

Largely ignored, by gurus and governments, are the older, high-impact growth firms. Though they generate almost all the innovation and job growth in economies, there are not enough of them to garner the favorable attention of politicians or book publishers. For more on this topic, read Verne’s interview in Business Review Europe titled “Give the Gazelles a Break”: [http://tiny.cc/give-gazelles-a-break](http://tiny.cc/give-gazelles-a-break)

Gazelles: High-Impact Firms

In a study for the US Small Business Administration titled “High-Impact Firms: Gazelles Revisited” ([http://tiny.cc/high-impact-gazelles](http://tiny.cc/high-impact-gazelles)), the authors note: “High-impact firms are relatively old, rare and contribute to the majority of overall economic growth. On average, they are 25 years old, they represent between 2 and 3 percent of all firms, and they account for almost all of the private sector employment and revenue growth in the economy.”

To underpin this “older” idea, we looked at the trajectory of two well-known gazelles: Apple and Starbucks. Apple, which started in 1976, had only 9,600 employees when it released the iPod in 2001, its 25th anniversary. The rest is history. All the phenomenal growth of Apple in revenue and employment (80,000 in 2013) occurred after this historic milestone, resulting in the largest-market-cap company in the world at the time of this book’s publication.

Starbucks followed an almost identical growth path, launching in 1971 and taking the first 20 years to perfect its business model and reach 100 locations. By its 25th anniversary, it was at 1,000 stores and ventured outside the US for the first time. Since then, it has rocketed to more than 18,000 stores in 62 countries and more than 150,000 employees.

To paraphrase Steve Jobs, “I’m always amazed how overnight successes take a helluva long time.” If you’ve been in business less than 25 years, you still have time to make it big; if it has been more than 25 years, and you’ve not scaled up, it’s never too late!
“How do we scale up the business?” is a question we've heard from countless leaders over the years, prompting the name and focus of this book. “How to survive the process” with your sanity and relationships intact is the second question.

Dumbest in the Room

Senior leaders know they have succeeded in building an organization that can scale — and is fun to run — when they are the dumbest people in the room! In turn, if they have all the answers (or act like they do), it guarantees organizational silence, exacerbates blindness (the CEO is always the last to know anyway), and means the senior team ends up carrying the entire load of the company on their backs. The best leaders have the right questions, but turn to their employees, customers, advisors, and the crowd to mine the answers. Every business is more valuable to the degree that it does not depend on its top leader. For more on these topics, read Margaret Heffernan's book Willful Blindness: Why We Ignore the Obvious at Our Peril and Liz Wiseman’s Multipliers: How the Best Leaders Make Everyone Smarter.

To scale up a business from a handful of employees to something significant (i.e., build a company that has a chance to both put a “dent in the universe” and dominate its industry), our tools and techniques focus on three deliverables:

- Reduce by 80% the time it takes the top team to manage the business (operational activities)
- Refocus the senior team on market-facing activities
- Realign everyone else (onto the same page) to drive execution and results

And when our tools are successfully implemented, organizations attain these four outcomes:

- At least double the rate of cash flow
- Triple the industry average profitability
- Increase the valuation of the firm relative to competitors
- Help the stakeholders – employees, customers, and shareholders – enjoy the climb

Yet there are three barriers to scaling up, which we'll discuss in the next chapter:

- **Leadership:** the inability to staff/grow enough leaders throughout the organization who have the capabilities to delegate and predict
- **Scalable infrastructure:** the lack of systems and structures (physical and organizational) to handle the complexities in communication and decisions that come with growth
- **Market dynamics:** the failure to address the increased competitive pressures that build (and erode margins) as you scale the business
THE OVERVIEW

Therefore, your team must use our tools to master four fundamentals:

- **In leading People**, take a page from parenting: Establish a handful of rules, repeat yourself a lot, and act consistently with those rules. This is the role and power of Core Values. If discovered and used effectively, these values guide all the relationship decisions and systems in the company.

- **In setting Strategy**, follow the definition from the great business strategist Gary Hamel. You don’t have a real strategy if it doesn’t pass two tests: First, what you’re planning to do really matters to enough customers; and second, it differentiates you from your competition.

- **In driving Execution**, implement three key habits: Set a handful of Priorities (the fewer the better); gather quantitative and qualitative Data daily and review weekly to guide decisions; and establish an effective daily, weekly, monthly, quarterly, and annual meeting Rhythm to keep everyone in the loop. Those who pulse faster, grow faster.

- **In managing Cash**, don’t run out of it! This means paying as much attention to how every decision affects cash flow as you would to revenue and profitability.

With these fundamentals in mind, you’re ready to start climbing.

**Climbing Everest**

Scaling up a business is like climbing a mountain. To use a simple analogy, many people dream of summiting Mount Everest (or its equivalent in their life). Those who do it create a plan. Prepared with a set of inviolable rules and a passion for the journey, they head toward the summit. Along the way, they aim for a series of camps: intermediate waypoints normally marking significant changes in terrain. Then it’s a matter of focusing on the next day and, more important, the first and subsequent steps, adjusting along the way as the mountain conditions dictate. Those who have made such personal journeys report that it’s ultimately about staying acutely aware as you push to take just one more calculated step.

It’s the same for an organization.

Guided by a set of Core Values and a purpose, it chooses a Big Hairy Audacious Goal (BHAG®)* to achieve in the next 10 to 25 years.

To break up the journey, the leadership team sets a series of three to five year targets divided up into annual goals. These are further broken down into specific actionable steps the business takes over the next few weeks or months, adjusting tactics as the market conditions dictate.

*BHAG is a registered trademark of Jim Collins and Jerry Porras.

www.aspiregrowthadvisors.com
herb@aspiregrowthadvisors.com
In the end, it’s about keeping everyone focused on the summit (BHAG®) and then deciding the appropriate next step (quarterly Priority) while respecting the rules that keep you from being swept off the mountain (Values).

Everything in between this quarter and the next 10 to 25 years is a WAG: a wild-ankle guess! There are no straight lines in nature or business. As a winding river must follow the contours of the landscape on its way to the ocean, a business must navigate the undulations of the marketplace on the way to its Everest. The key is keeping your eye on the prize and adjusting course accordingly.

And along the journey, there is a set of habits — routines — that will make the climb easier. “Routine sets you free” is a key driving principle behind our methodologies and tools.

You may set a goal to lose weight, but unless you change some daily and weekly routines, it will never be accomplished. Goals without routines are wishes; routines without goals are aimless. The most successful business leaders have a clear vision and the disciplines (routines) to make it a reality.

Wasted Debate

Nothing is more maddening than hearing teams debate whether a certain idea is applicable in a business-to-business or business-to-consumer engagement. In the end, we’re all in the same business: people to people. None of us sell to companies; we deal with the people (consumers) inside these companies, who have the same motivations, challenges, and emotions as any other person.

The other needless delineation is between product and service companies. In the long run, most product companies add on services to increase profitability and most service companies productize their offerings to make them easier to sell. We recommend that you avoid these debates, and consider most of the examples in this book applicable to any organization in any industry.
McKinsey has its 7-S Framework for large companies; we have our 4D Framework for growth firms. This framework evolved from the fundamentals, barriers, and goals described earlier and was based on this quote attributed to Albert Einstein: “Everything should be made as simple as possible, but not simpler.” Scaling a business is a complex endeavor and requires robust — yet simple enough — tools and techniques to get the job done.

The framework includes these elements (see diagram on Page 8):

1. **Driver**: Leaders drive implementation of the Rockefeller Habits with their teams. Execution is much easier if they and their teams engage in coaching, embrace learning, and encourage the use of new technologies to accelerate implementation of our tools.

2. **Demands**: Leaders have to balance two often competing demands on the business — People and Process. This requires simultaneously maintaining a great reputation with the employees, customers, and shareholders (the People side of the business); and improving the productivity of how the firm makes/buys, sells, and tracks these transactions (the Process side of the business).

3. **Disciplines**: To effectively execute, there are three fundamental disciplines (routines): Set Priorities; gather quantitative and qualitative Data; and establish an effective meeting Rhythm. It’s in these meetings, debating the data (the brutal facts!), where the priorities emerge.

4. **Decisions**: Ultimately, all the above require some decisions. To scale the business requires getting four key decision sets — People, Strategy, Execution, and Cash — absolutely right, and there are right and wrong answers. Short-change any one element and you’re not maximizing your opportunity.

**WARNING:** Since Mastering the Rockefeller Habits was written, many bits and pieces of our 4D Framework and tools have been copied by others. In the process, several have oversimplified our work to the point that it might still be helpful — setting a few priorities and key performance indicators (KPIs) is better than nothing — but there is huge potential left on the table in terms of revenue and profit. “Simple, not simpler” is our aim, as Einstein warned.

In turn, we know that it takes a “village of gurus” to help a company and that no one person has all the answers. Therefore, we'll be referencing many important books and ideas that fill in important gaps around leadership, sales, marketing, hiring, etc.
Gazelles 4D Framework  Getting to Results
A proven business growth method used by thousands of growing companies to achieve RESULTS.

1. **Driver** (with Accelerators)
   - Coaching – Advisors, Consultants, Coaches
   - Learning – Continuous Business Education (CBE)
   - Technology – Management Accountability System

2. **Demands** (Balance)
   - People (Reputation) – Employees, Customers, Shareholders
   - Process (Productivity) – Make/Buy, Sell, Record Keeping

3. **Disciplines** (Routines)
   - Priorities – The Main Thing
   - Data – Qualitative/Quantitative
   - Meeting Rhythms – Daily, Weekly, Monthly, Quarterly, Annual

4. **Decisions** (Right Questions)
   - People – Happiness/Accountability
   - Strategy – Revenue/Growth
   - Execution – Profit/Time
   - Cash – Oxygen/Options

! **Results**
- 2x Cash Flow • 3x Profitability • 10x Valuation • More Time!
4D FRAMEWORK

Right Questions

Our last guiding principle in designing the 4D Framework:

_We have the answers, all the answers; it’s the question we do not know._

Most of the teams we work with are wicked smart. With enough perseverance and grit they'll find answers. Our concern is they might be working on the wrong question. Much of our work is helping leadership teams formulate the right questions. Once they get the questions right, the answers tend to appear.

Each of the 4 Decisions — People, Strategy, Execution, and Cash — is anchored by an overarching Key Question. And the accompanying Growth Tools (our label for the collection of one-page worksheets summarized next) are designed to focus teams on specific questions driving growth and performance for each of the 4 Decisions areas of the business.

So, to start implementing the 4D Framework, the first question is, “Which of the 4 Decisions — People, Strategy, Execution, and Cash — needs the most attention next?”

Start there!

We have a complimentary individual 4 Decisions Assessment available at [scalingup.com](http://scalingup.com) to help you determine your starting point.

Scaling Up

Our methodology and tools are like crossword or Sudoku puzzles. Start where you can and work your way through. There is no specific sequence. However, we do have five initial “next steps” outlined in the last chapter.

The following overview of each decision will further help you choose where to start in scaling up the business.
**KEY QUESTION:** Are the stakeholders (employees, customers, shareholders) happy and engaged in the business; and would you “rehire” all of them?

Do you have the “right people doing the right things right” inside the organization?

Then you need to evaluate all the key relationships surrounding the business. Would you keep all your existing customers? Are you happy with your investors/bank? Are your vendors supporting you properly? Are your advisors — accountants, lawyers, consultants, and coaches — the best for the size of the organization and future plans? The toughest decisions to make are when the company has outgrown some of these relationships and you need to make changes.

It starts with your own relationship goals and priorities, then being clear who are the leaders accountable for the main functions and processes that drive the business.

### THE TOOLS

**One-Page Personal Plan (OPPP):**

Our personal and professional lives are intertwined — and best if aligned. This tool looks at four key decisions — Relationships, Achievements, Rituals, and Wealth — which mirror the four key decisions for the business: People, Strategy, Execution, and Cash. Having a strong and fulfilled personal life provides an important foundation for sustaining your efforts in the business.

**Function Accountability Chart (FACe):**

Jim Collins, author of *Good to Great: Why Some Companies Make the Leap... And Others Don’t*, emphasizes the importance of getting the right butts in the right seats at the top of the organization. After all, the bottleneck is always at the top of the bottle! The FACe tool provides a list of seats (functions) that all organizations must fill.

You want to delegate these functions to people who fit your culture and pass two tests:

1. They don’t need to be managed.
2. They regularly wow the team with their insights and output.
Next designate one or two key performance indicators (KPIs) for each function, defining objectively what activities each senior leader needs to be focused on day-to-day. Last, decide on a handful of results/outcomes accountable to each function (i.e., who is accountable for revenue, gross margin, profit, cash, etc.). These outcomes normally represent line items on the financial statements.

When completed, this one-page accountability tool helps you diagnose where you have people and performance gaps on the leadership team.

**Process Accountability Chart (PACe):**

Most work flows horizontally across the various functions. Functions are not isolated cells. When these functions aren’t working well together, the firm can stall.

This chart provides a place to delineate the four to nine processes that drive the business (i.e., the processes for developing and launching a new product; for attracting, hiring, and on boarding new employees; for billing and collecting, etc.).

Next, designate who is accountable for each process, which can be tricky since these processes cut across various functions and there might be some ego/control issues between the functional heads.

Last, decide on two or three KPIs that track the health of the process — the most important being the length of time, from start to finish, for a specific process. We’ll discuss how a variety of organizations are utilizing the principles of Lean, a management practice invented by Toyota, to streamline and speed up their processes.

There’s a continual war for talent. We’ll share guerrilla marketing techniques for attracting many qualified candidates and review the Topgrading methodology for interviewing and selection.

In retaining employees and keeping them engaged, we’ll cover the five activities of great (vs. good) managers:

- Help people play to their strengths
- Don’t demotivate; dehassle
- Set clear expectations and give employees a clear line of sight
- Give recognition and show appreciation
- Hire fewer people, but pay them more (frontline employees, not leaders!)
**STRATEGY**

**KEY QUESTION:** Can you state your firm’s strategy simply – and is it driving sustainable growth in revenue and gross margin?

It’s time to break apart a 50-year-old business term — *strategic planning* — and think about it in terms of two distinct activities: strategic *thinking* and execution *planning*. Each requires two very different teams and processes.

[Image of a cycle with Think, Learn, Plan, Act]

Strategic thinking requires a handful of senior leaders meeting weekly (it’s not sufficient to do strategy work once a quarter or once a year) in what Jim Collins calls “the council.” It’s a meeting separate from the standard executive team meeting. Rather than getting mired in operational issues, the strategic thinking team is focused on discussing a few big strategic issues including those outlined in the SWT and 7 Strata tools summarized below.

Execution planning, in turn, requires a much larger team engaged in implementing the broader strategy. Setting specific annual and quarterly priorities, outcomes, and KPIs is best if middle management and frontline employees are involved. They are closer to the day-to-day operational issues of the company, and their participation in setting the plan creates better buy-in.

Add in both disciplined action and active learning activities and you have a simple Think, Plan, Act, Learn cycle of strategic planning.

**THE TOOLS**

**Vision Summary:**
For companies just getting started implementing the Rockefeller Habits as well as firms with 50 employees or fewer, the Vision Summary provides a simplified One-Page Strategic Plan (OPSP) framework. And for larger firms taking advantage of the more detailed aspects of the OPSP, the Vision Summary provides a one-page format to communicate key aspects of the company’s vision to employees, customers, investors, and the broader community.

**www.aspiregrowthadvisors.com**
herb@aspiregrowthadvisors.com
STRATEGY

SWT:
We’ve augmented the standard SWOT (strengths, weaknesses, opportunities, and threats) process with a tool called the SWT (strengths, weaknesses, and trends).

Whereas the SWOT process drives leaders to look inward at both their company and industry challenges, the SWT focuses on exploring broader external trends beyond their own industry or geography. It’s a powerful tool to spot opportunities before the competition and prevent “inside/industry myopia.”

The 7 Strata of Strategy:
This tool represents the seven components (stratum) of a robust, yet simply stated, strategy. It’s designed to provide the kind of differentiation and barriers that allow you to dominate your niche in the marketplace.

The seven components:

1. What word(s) do you own in the minds of your targeted customers (e.g., Google owns “search”)?

2. Who are your core customers, what three Brand Promises are you making them (e.g., Southwest Airlines promises Low Fares, Lots of Flights, Lots of Fun), and how do you know you’re keeping these promises (Kept Promise Indicators, a play on KPIs)?

3. What is your Brand Promise Guarantee (e.g., Oracle has been advertising the chance to win $10 million if its Exadata servers don’t outperform the competition by a factor of five)?

4. What is your One-PHRASE Strategy that likely upsets customers (Apple’s “closed system”) but is key to making a ton of money and blocking your competition?

5. What are the three to five Activities that fit Harvard strategist Michael Porter’s definition of the essence of differentiation (e.g., IKEA’s furniture needs assembly)?

6. What is your X-Factor — a 10 times to 100 times underlying advantage over the competition — that completely wipes out any and all rivals?

7. What is your Profit per X (economic driver) and BHAG® for the company? These come straight from Jim Collins.
One-Page Strategic Plan (OPSP):

If you want everyone on the same page, then you need this page first. The OPSP is our best-known and most widely used tool. It’s designed to drive alignment, accountability, and focus.

The body of the plan consists of seven columns organized around seven basic questions you need to answer if you want to accomplish anything: Who, What, When, Where, How, Why, plus Should/Shouldn’t. We’ve aligned these with standard strategic planning language like Core Values, Purpose, Annual Priorities, etc. — but anchor the plan in these simpler questions.

The first three columns of the OPSP represent the strategic thinking part of the plan supported by the work done on the 7 Strata; the last four columns represent the execution planning part of the plan. The OPSP has space along the bottom to summarize your SWT and along the top to list the key metrics monitoring your reputation (People) and productivity (Process).
EXECUTION

KEY QUESTION: Are all the processes running without drama and driving industry-leading profitability?

You know you have execution issues if three things exist:

1. There is needless drama in the organization (e.g., something shipped out late; the invoice was wrong; someone missed a meeting; etc.).

2. Everyone seems to be working more hours, spinning his wheels, or spending too much time fixing things that should have been done right the first time.

3. Most important, the company is generating less than three times industry average profitability.

WARNING: Companies can get by with sloppy execution if they have a killer strategy or highly dedicated people willing to work 18-hour days, eight days per week to cover up all the slop. Just recognize you’re wasting a lot of profitability and time (i.e., you’ll burn both cash and people in the process!)

THE TOOLS

Who, What, When (WWW):
Improve the impact of your weekly meetings by taking a few minutes at the end and summarizing Who said they are going to do What, When. This isn’t about micromanagement; this is about excellent management and being clear in both communication and accountability. The key is setting a “when” that is no longer than the time between weekly (or monthly) meetings. And if you have a more substantial initiative, the key is breaking it into pieces (eat the elephant one bite at a time) that can be accomplished within a few weeks.
Rockefeller Habits Checklist™:
There are 10 fundamental habits that support the successful execution of your strategy — habits that haven’t changed for 100 years since John D. Rockefeller implemented them, becoming the wealthiest person ever and building what has morphed into one of the largest companies today: ExxonMobil.

These habits dramatically increase profitability and reduce the time it takes to manage the business. And like the checklists that are critical to the airline industry in making sure planes stay in the air, consider these 10 habits as a “pre-flight” checklist for keeping your company growing and ensuring that it doesn’t stall out.

The habits (“Routines that set you free!”):

1. **The executive team is healthy and aligned.** Here we pull a page from Patrick M. Lencioni’s *The Five Dysfunctions of a Team: A Leadership Fable*, a book we recommend that all leaders peruse (it’s a quick read). In essence, your executive team needs to have a level of trust that permits true debate and constructive conflict to occur. What prevents this in large companies is politics; what blocks it in growth firms is friendship. Members of the team must embrace its diversity (the more the better) and be willing to challenge each other in making decisions and exposing the brutal facts.

2. **Everyone is aligned with the #1 thing that needs to be accomplished this quarter to move the company forward.** As mentioned earlier, scaling a firm is about taking one significant step at a time and then checking data and adjusting accordingly. It is about setting a quarterly goal, providing the company with a badly needed finish line every 90 days, vs. just running and running and running. It also affords everyone an opportunity to celebrate or commiserate - and have some fun along the way. This is the power of setting a Quarterly Theme, which we’ll discuss in depth later.

3. **Communication rhythm is established, and information moves through the organization accurately and quickly.** The #1 challenge when two or more people are working together is communication (anyone married?). The key is an effective daily, weekly, monthly, quarterly, and annual Meeting Rhythm, which, when executed properly, actually saves everyone a tremendous amount of time. It’s counterintuitive, we know. Specific agendas for each meeting will be detailed in the “Execution” section.

4. **Every facet of the organization has a person assigned with accountability for ensuring goals are met.** If communication is the #1 challenge, then nailing down accountabilities as the company scales is #2. This needs to be clear both vertically (across functions) and horizontally (across processes) throughout the organization. And it really gets messy when the organization moves to discrete business units.
5. **Ongoing employee input is collected to identify obstacles and opportunities.** A key component of the weekly qualitative data you need to guide the business must come from your employees, especially your sales channels and your frontline employees. They are closer to the action. We recommend that each senior leader formally talk to one employee each week and ask, “What should the company Start/Stop/Keep doing?” Pay particular attention to the “stops.” These are the roadblocks you need to eliminate from the company to keep people motivated.

6. **Reporting and analysis of customer feedback data is as frequent and accurate as financial data.** The second key component of the weekly qualitative data that you need to guide the business must come from customers. We suggest that each senior leader formally ask customers questions that are more about gathering market intel, especially about competitors, than discerning whether they like your product or service.

7. **Core Values and Purpose are “alive” in the organization.** These are the handful of rules (Core Values) that you’ll use to guide all the HR systems in the company: hiring, feedback, rewards and recognition, handbook, etc. And the Purpose (a better word than “mission”) provides the critical “why” behind everything you do (i.e., what difference is your company making in the world?).

8. **Employees can articulate the following key components of the company’s strategy accurately.** You want all employees to align their actions with the strategy of the company. To do this, they need to know and understand;
   a. the company’s 10 to 25 year goal (BHAG®);
   b. who the core customers are;
   c. the three Brand Promises everyone needs to keep;
   d. and what the company does — and be able to explain it when asked (the elevator pitch).

9. **All employees can answer quantitatively whether they had a good day or week** (Column 7 of the OPSP). Is each employee or team clear on their priorities and KPIs for the week? And do they know how they did that week? People love to know the score; thus the attraction of video games, sports, fundraisers, competitions, etc.

10. **The company’s plans and performance are visible to everyone.** We’re not big on sports analogies, but we strongly suggest stealing one idea from that industry: having huge scoreboards visible to everyone. We’ll share examples and photos of growth firms that do.

---

**WARNING:** You’ll drive everyone in the organization crazy if you implement these habits at one time. The key is focusing on one or two each quarter, giving everyone 24 to 36 months to install these simple, yet powerful, routines. Then it’s a process of continually refreshing them as the company scales up.

---
KEY QUESTION: Do you have consistent sources of cash, ideally generated internally, to fuel the growth of your business?

Growth sucks cash. This is the first law of entrepreneurial gravity. And nothing ages a CEO and his or her team faster than being short of cash. In fact, Jim Collins and Morten T. Hansen, in their best-selling book *Great by Choice: Uncertainty, Chaos, and Luck — Why Some Thrive Despite Them All*, found that successful companies held three to 10 times more cash assets than average for their industries, and they did so from the time they started. (We highly recommend that you read this book, Collins’ first that directly addresses growth firms.)

Yet many growth company leaders pay more attention to revenue and profit than they do to cash when it comes to structuring deals with suppliers, customers, employees (think bonus plans), or investors/banks. And when they receive their monthly financial statements, the cash flow statement is either non-existent or ignored.

The quickest action you can take is to have your CFO give you a modified cash flow statement every day detailing the cash that came in during the last 24 hours, the cash that flowed out, and some idea of how cash is looking over the next 30 to 90 days. This will keep cash top-of-mind and give you a great feel for how cash is flowing through the business.

It’s also critical to know your Cash Conversion Cycle (CCC). It’s a technical term for how long it takes, after you spend a dollar/euro/yen on rent, utilities, payroll, inventory, marketing, etc., for it to make its way through your business model and back into your pocket. So that you can see how to calculate this, we recommend that you read a classic *Harvard Business Review* article titled “How Fast Can Your Company Afford to Grow?” by Neil C. Churchill and John W. Mullins.
The Power of One:
The 7 main financial levers available to managers to improve cash and returns in the business are:

1. **Price**: You can increase the price of your goods and services.
2. **Volume**: You can sell more units at the same price.
3. **Cost of goods sold/direct costs**: You can reduce the price you pay for your raw materials and direct labor.
4. **Operating expenses**: You can reduce your operating costs.
5. **Accounts receivable**: You can collect from your debtors faster.
6. **Inventory/WIP (work in progress)**: You can reduce the amount of stock you have on hand.
7. **Accounts payable**: You can slow down the payment of creditors.

The tool calculates the benefit to cash if a 1% or one-day change is made to each of these levers.

**Cash Acceleration Strategies (CASH)**:
Break down the CCC into four components, and brainstorm one of three ways to increase the cash flow in the business. We’ve had many clients double their operating cash flow immediately after working through this tool. It’s also a great exercise to do with middle managers, to strengthen their understanding of how cash flows through the organization and to illustrate how everyone can make a positive contribution to improving the CCC.

The goal is to reverse the first law of entrepreneurial gravity and develop a viable business model in which the faster you grow, the more cash you generate — through larger deposits, faster collections, shorter sales and delivery cycles, etc. Then you’ve built a company that can self-fund its own growth.
STRATEGY AND PLANNING SESSIONS

No matter how spot on your plans were at the start of the year, or the launch of your business, you are certainly off-course right now. The best-run companies update strategy and plans quarterly. This section explains how to run a great planning session.

The hardest part is usually finding the time and place for your planning session. Once that's handled, you will need to assign pre-work, prepare an agenda, lead the meeting, and set up next steps for execution. Here are the details on each of the 5 steps:

1. **Time and Place.** The best place for this kind of meeting is off-site. You want the full attention of your leadership team, without the distractions of daily operations. Pick a location with the right atmosphere. Hotels and conference centers are easy, but also pricey and boring. Interesting alternatives include airbnb.com or a country club. I like to start with a dinner the night before to get people thinking before the main meeting. Sending folks off to sleep after a dinner discussion is great way to create deep thinking and begin the team alignment.

2. **Assign Pre-Work.** Review goals and priorities for the year, note what's complete (green), in progress (yellow), or behind/stalled (red).
   - Find an example or two of things the company has done really well.
   - Make a list of what you think the company should start, stop, or continue doing.
   - Make a list of the current strengths, weaknesses, opportunities, and threats (the SWOT; you might also think about major trends around you).
   - Think on what the top 3 issues are now for the company.

3. **Agenda.** The following agenda works well if you are running your own meeting (you can also hire someone like a Gazelles coach to facilitate):
   - Dinner the night before - share stories of things you did well as a company and continue your dinner conversation with an informal review of your SWOT. Go easy on the alcohol, this is not a night for heavy drinking.
   - Send the team to bed engaged and thinking.
   - Begin your formal meeting in the morning with the intended outcome and a preview of the day.
   - The first segment should be a review people and functional roles. Do you have the right people, in the right seats?
   - Next, you’ll want to review strategy: company values, purpose, brand promises, BHAG (an audacious 10-30 goal), 3-5 year med term goals, SWOT, and trends.
   - Now review the cash position and your business model. We use the Cash Conversion Cycle or the Power of One exercises to find funds for growth.
   - Lead into execution planning for the next quarter (or the rest of the year) with a review of the YTD performance on goals and priorities. Let everyone share their own green/yellow/red and be wary of any who are “all green.”
   - You should now be able to create 3-5 priorities for the company and align on the #1 priority. Your prep work began this thinking but your early ideas will havechanged.
   - Once you have the company priorities set, you’ll want to create a theme that captures the spirit and assign a theme-team to communicate it.
   - Finish off your work by having everyone create (and share) personal priorities and action plans for the period ahead. What will they need to do to support the company priorities?
   - Complete your meeting with a little celebration to acknowledge the good work and to allow for informal processing of all your thinking. This social time is important.
STRATEGY AND PLANNING SESSIONS

4. **Lead the Meeting.**
   - If you are leading this meeting yourself, it helps greatly to have people think and write before speaking, and to let everyone else speak before the CEO or founder does. Every group has vocal and dominant voices that can overwhelm great ideas from quieter team members.
   - As your meeting begins and progresses, watch for people that might be unsettled or unhappy. These people may be ready to leave the team or have a deep concern that they haven’t been able to share.
   - If you have hired a facilitator or coach, make sure that you are in alignment on the outcomes and process.

5. **Follow-Up.** No matter how great the meeting was, your follow-up habits will determine its success in execution.
   - We capture action items for follow up in every meeting using a designated person and a WHO/WHAT/WHEN sheet. Then we put all our strategy and planning work into the [Scaling Up Leader Board](#) tool.
   - We like team members to have a printed Vision Summary sheet afterwards in their work areas, and we believe in using a Daily Huddle to keep the team in sync.
So, time to get you started in Scaling Up your business right now!

Fill in what you know as you go. It’s not necessary to work through the tools in any kind of sequence although completing the Rockefeller Habits Checklist upfront might well give you some insight as to where it makes the most sense to start for your organization.

“Get it down; then get it right”

The key is lots of iterations, reviewing and updating the growth tools every quarter. Routine will set you free…. And if you would like some help don’t hesitate to reach out.

Here’s to your success!

If I can assist you with implementation of the Rockefeller Habits™, Annual Planning, or to build a One-Page Strategic Plan for your business, please contact me at …

herb@aspiregrowthadvisors.com

781-953-3355

www.aspiregrowthadvisors.com