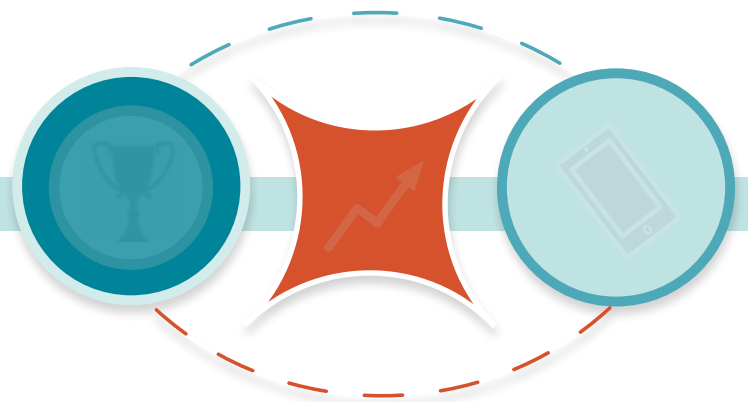


## CONQUER THE COMPLEXITY OF GROWTH



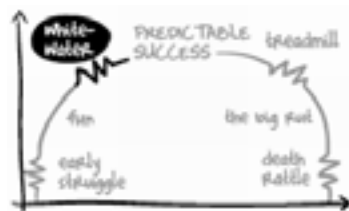
Your business is booming. New clients are coming in droves, and orders are piling up so quickly your team can hardly keep pace. While this doesn't sound like a bad problem to have, it will quickly become one. Complexity is building within your business, and soon you will have no choice but to face it head on.



*As exhilarating as fast growth is, an organization can only sustain it for so long before it reaches a key tipping point. One where the complexity of the organization has outpaced its ability to handle it – a stage of development known as Whitewater. The good news is that Whitewater is navigable, and complexity can be conquered.*

## What is Whitewater?

For the sake of orientation, all organizations pass through specific, clearly defined phases known as the



Predictable Success lifecycle. Whitewater is the third stage in the lifecycle, occurring after the stages of Early Struggle and Fun. All three of these are growth stages, and are signified as such through their placement on the left side of the model.

Along with Early Struggle, Treadmill, and Death Rattle, Whitewater is also one of the four problematic stages. But, just like the other three, it has a very unique set of problems and issues.

Before we examine those on a deeper lever, let's explore how a company gets to Whitewater in the first place.

## The Road to Whitewater

Whenever a company is started, there is an immediate race against time to find its profitable and sustainable market. This period encompasses the stage known as Early

Struggle. For every five companies that are started, one is lucky enough to find that market and move into the next stage known as Fun.

Fun is aptly named, as it is the first growth stage. A business starts to mine its profitable and sustainable market, and it begins to grow quickly. Customers are beyond satisfied and your team can do no wrong. It is definitely a fun moment in time for all involved.

But... Rapid growth doesn't only bring fun. It also brings complexity. Without mincing words, Whitewater is all about coping with the complexity that accompanies this rapid growth.

It's important to understand that during Fun, while your company may be growing in leaps and bounds, it is doing so in the face of relative simplicity. Your team may be smaller, or perhaps you have fewer products offered in fewer markets. Whatever the case, your team has an easier time satisfying the customer because overall logistics are simpler. So simple that customer satisfaction is frequently achieved by improvising on the spot.

**“Very simply, Whitewater is the period when complexity overwhelms the ability to repeatedly deliver consistent quality.”**

Over time, however, your company becomes even more complex. Maybe you open another storefront, or two... or four. Maybe you roll out another product line. The X factors here are literally endless, but you get the picture. Very simply, Whitewater is the period when complexity overwhelms the ability to repeatedly deliver consistent quality.

## Leadership Styles and Their Arcs

As a company moves through the various stages of the Predictable Success lifecycle, it's not difficult to understand that leadership styles also go through changes.

Every successful organization begins with the **Visionary**. This is a person who operates at 30,000 feet, always conceptualizing. He or she is passionate, resilient and truly cares about making a difference. But, while Visionaries are long-term thinkers, they do get easily distracted. They may be able to see the big picture, but encounter difficulties when it comes to grinding out the details.



During Fun, Visionaries link themselves to **Operators**. These are folks whose main focus is on getting stuff done. Considering this, it's easy to see why the Visionary/Operator relationship is highly symbiotic. They feed off each other's talents and complement each

other in a way that consistently delivers high quality for the customer.

Due to the simplicity during Fun, the VO combination has no problem handling the workload. As the business slides into Whitewater, however, the tendency for these two leadership styles is to continue pleasing the customer through heroic acts of improvisation. This is extremely limited in its effectiveness, and soon leads to a key decision for these leaders. To what degree will they allow a third leadership style to become prominent within the organization? This third leadership style is known as the **Processor**.

Processors are leaders who bring order from

chaos through implementing various systems and processes. It's important to know it is only by adding the Processor that a company will be able to push through Whitewater and into Predictable Success - the stage where the perfect balance exists between innovation and creativity, and systems and processes.

## How Do You Know You've Hit Whitewater?

Since Whitewater is the first real stage after takeoff when a company or organization's existence is legitimately threatened, identifying when you've entered it is key. Here are signs to watch out for:

- 1. You've had a period of success and happy clients/customers.** Fun can last for months, years, and even decades. The longer it lasts, however, the subtler the shift into Whitewater will be.
- 2. You (as an organization) begin to screw up/drop the ball with some regularity.** It could be a missed order here, a late delivery there. The mistakes can show up anywhere and, at first, they seem to be the fault of an individual or individuals. Over the course of time, however it becomes apparent there are systemic issues due to complexity.
- 3. A lot of time and energy is spent firefighting.** By "firefighting," we mean doing whatever is necessary to recover from errors.
- 4. Growth has stalled.**

## Accelerating Out of Whitewater

One of the most thought-provoking concepts regarding this subject is the fact you don't

need to accelerate out of Whitewater in any one direction. Nowhere does it say you have to accelerate through it and get to Predictable Success. Unless you are a public company answering to shareholders, there is nothing wrong with accelerating in the other direction, back to Fun. Despite the flexibility in options, the question of which direction you want to head is one that needs a clear and definitive answer.

**“There will always be a point where, unless you scale, the business will not grow any further. And, the only way to do that is to put systems and processes into place.”**

The main purpose for pushing through Whitewater and on to Predictable Success is that you want to scale your business. If not, there's really no reason to do it. Remember, Fun is a fun place to be, and you can still grow your business there. The only caveat – while your business may grow, there will always be a cap. There will always be a point where, unless you scale, the business will not grow any further. And, the only way to do that is to put systems and processes into place.

## So, What's It Going To Be?

Are you going to push through Whitewater and on to Predictable Success, or are you going to head back to Fun? Before you answer, here are four questions you should ask yourself first:

**1. Do you truly want to scale?** Many business owners have an underlying presumption that

they want to, or are supposed to scale. When actually faced with the question, however, many come to the realization that it's NOT what they want.

**2. Are you prepared to voluntarily give up a high degree of personal freedom and autonomy?** People start businesses in large part because of the freedom and autonomy it provides, but part of getting to Predictable Success is giving up those very ideals.

**3. Are you prepared to lose up to 1/3 of your best Operators?** Due to their aversion to systems and processes, which are required to navigate forward through Whitewater, Operators typically find the move into Predictable Success to be very difficult. This creates a situation where either they have to leave, or they choose to leave. The question now becomes can the Visionary handle this? Many times he or she has built relationships with these Operators, so saying goodbye proves to be painful.

**4. Are you prepared to actively support substantial systems and processes?** It's not just about accepting the presence of systems and process. It's about embracing them and living them.

## Moving Forward & Resisting the Gravitational Pull

The natural tendency is to return to Fun. Times were simpler and, no matter what you did, it seemed like you couldn't go wrong. Regardless the problem, you handled it and came away smelling like a rose.

However, the issue with returning to Fun is you are in fact moving backwards. If you truly wish

to scale your business and achieve Predictable Success, you must resist this pull. So, how do you go about doing that?

**1. Embrace the Processor role.** No matter where you put systems and processes into place (IT, accounting, the warehouse, etc.), you must fully embrace the Processor's role. You must go beyond endorsing them or intellectually accepting them. Make what they do a part of who you are.



**2. Actively support required systems and processes.** You can't just agree to them. You must actively execute and adhere to them.

**3. Slow down decision-making.** Things are much more complex during Whitewater, so gone are the days of decisions being made during the elevator ride up to the office. You must understand that a quick decision during Whitewater may not have the traction it needs to be successful. Key variables may get left out, causing the decision to fail once reality hits.

**4. Move away from heroic leadership as the default standard.** During Fun, Visionaries and Operators boast they will do anything to please a customer. Due to the simple environment during this time, it works. But, in order to achieve Predictable Success, you must build the concept of synergistic leadership, or team-based leadership. While heroic leadership will never completely go away, it can no longer be the default model. High-quality decisions are now made as a team.

**5. Visionaries – reduce hyperbole.** A shift in communication styles must occur. From the moment a Processor comes aboard, hyperbolic conversation will be looked at as

trite, or glib, and will assuredly become a problem.

## **6. Operators – develop 'small p' skills.**

Operators must yield a bit, but not too much. They must remain an Operator, but develop enough Processor skills so they are not pulling the organization back.

## **How Do You Accelerate Through Whitewater?**

The longer an organization stays in Whitewater, the more engrained it becomes in crisis management. For this reason, it's important to get out fast. The following are some 'must do's' when it comes to picking up the pace.

**1. Mentally commit to a new 'bus'.** When an organization goes through these changes, it will come out looking like a different vehicle. It will be something brand new – a different organization with the right people on the bus. Commit to the future and don't look back.

**“The longer an organization stays in Whitewater, the more engrained it becomes in crisis management.”**

**2. Repudiate big-dog 'O' resistance.** Plan on there being one, maybe two Operators within the organization who will resist the changes. They'll fear the business is becoming a bureaucracy filled with red tape due to the new systems and processes required. While it sounds harsh, you must push back and **possibly** move on without them. It's a painful process, but often unavoidable.

**3. Take an accountability role in establishing systems and processes.** Visionaries and Operators must establish personal accountability with the new systems. Processors will build them, but the Vs and Os must enforce them.

**4. Over-manage your team.** This will seem like moving backwards, because in Fun everyone knew their jobs and you could delegate and disengage to a certain degree. Whitewater is a time to re-engage.

**5. Learn the skills of team-based decision-making.** During Fun, one or two people will make the decisions. Predictable Success, however, should be all about *high-quality team-based decision making*

**Ready to accelerate your business toward Predictable Success?**

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## Common Whitewater Errors

Now that you know the tips for accelerating through Whitewater, it's time to address the most common Whitewater errors to avoid.

**1. Maintaining a V/O inner circle.** Visionaries and Operators are the people who built the business during Fun, so there's a natural connection. Once the Processor role has been established, there is a tendency for the Vs and Os to reunite their team. In essence, it's an attempt to put a little Fun into Whitewater, but in reality it is a repudiation of the Processor

role. And, it will bring your acceleration to a screeching halt.

**2. Personifying the irritations/constraints of the 'P' role.** Visionaries and Operators can become annoyed with the rigidity or inflexibility of the Processor. They must realize, however, the aforementioned characteristics have far less to do with the person or their personality, than they do the role he or she plays in the company. If you get rid of the Processor, you will only be filling their shoes with another Processor.

**“If you get rid of the Processor, you will only be filling their shoes with another Processor.”**

**3. Becoming frustrated with, and reacting against, a slow down in speed of action.** Oftentimes the V or O will panic and step in themselves as an attempt to speed things up. Instead, they should stay away from the heroic leadership model and trust the new systems that have been put into place. Otherwise, the acceleration out of Whitewater will be stunted.

**4. Panicking because of a perceived drop in nimbleness and flexibility.** This has the same detrimental results as point 3. Once again, the V and O must step back and trust the process.

## An Eternity In Whitewater

Some teams and organizations get stuck in Whitewater and never get out. When it happens, a mindset of “This is the way life is” takes over. At that point, no matter what an organization does to exit Whitewater, it keeps



returning. So, let's examine some of the things teams do to cause this.

**1. Assert the importance of systems and processes, but exclude yourself from their impact.** Telling your team that systems and processes are important, but not ascribing to them yourself, amounts to nothing more than lip service. If you aren't prepared to play your role, you're passively telling your team it's okay to not comply with the system.

**2. Marginalize the Processor(s).** If you are continually pushing away your Processors every time there is a key decision to be made, you are devaluing their role within the team.

**“If you are continually pushing away your Processors every time there is a key decision to be made, you are devaluing their role within the team.”**

**3. Reward heroic leadership.** The senior leadership team as a whole must make all decisions, especially the ones that include problem-solving. Rewarding individuals who operate outside that paradigm will keep your company from scaling.

**4. Alternately delegate then take back control.** This behavior is sure to frustrate your team, only motivating them to seek out an organization where they understand their responsibilities.

**5. Allow crisis mode to become the default management style.** It is possible to become so good at fixing the crisis you turn everything into a crisis because that's your

new comfort zone.

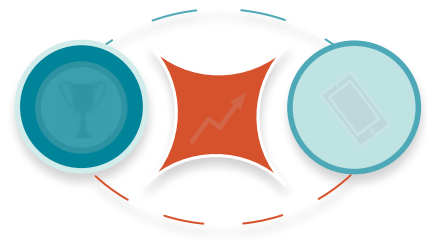
## Emerging from the Undertow

You've learned a lot about Whitewater. You've learned what it is, how and why you got there, and how to get out. Now, it's time to talk a little about how to know when you are actually emerging.

**1. Key systems and processes have been fully adopted and supported.** Systems and processes have not only been fully integrated, but they have also become second nature.

**2. Decisions are being made more slowly, implemented more quickly.** The senior management team is making quality decisions as a whole, and your systems and processes are responding efficiently.

**3. Triage is increasingly rare.** Rushing to fix an emergency happens far less often than it did before.



**4. Silos are becoming porous (growth of cross-functionality) and managers are building strong lateral relationships.** The different departments within your organization begin to interact, exchange information, and are cross-functioning naturally.

**5. There's a growing sense of re-alignment throughout the organization.** Your team members are beginning to rediscover the close alignment they had during Fun.

## The Slope Back To Whitewater Is a Slippery One

The last thing any leader wants is to lead his or her organization out of Whitewater only to return to it. The list of what not to do in order to prevent this type of regression is a long one, and many of the details will be specific to your business or organization. Every organization, however, will need to adhere to these 5 principles:

**1. Build the Synergist role throughout the organization (top-down).** The *Synergist style* is typically a learned leadership style that ensures the Visionary, Operator and Processor work together in a complementary way.



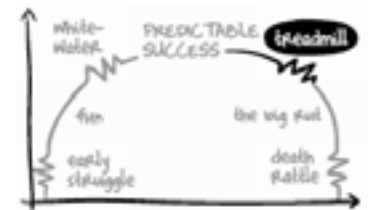
The problem is when left to their own devices, teams can take anywhere from 2 to 4 years to get to this point of leadership. The good news is there is no shortage of *available materials* that will help you dramatically speed up the learning curve.

**2. Rein in big-dog Operator Autonomy.** An Operator's natural tendency is to bring their team or department back to Fun. Even more detrimental is when a company's big dog Operators try to accomplish this with the organization as a whole. It's important to know their motives aren't purposely malicious, but rather are natural proclivities. Your job is to rein them in.

**3. Focus on management and leadership development.** Move away from an emphasis on purely running the apparatus of the business and turn toward building management and

leadership. No longer are you growing a small business. It is now about scaling a large business.

**4. Examine your hiring practices, especially on O-dominant functions, for reasonable P skills (small-P).** Typically in Fun, a hiring model has been built that focuses on bringing in Operators. In Whitewater, however, the tendency shifts to hiring more Processors. While an over-hiring of Operators will pull your organization back toward Fun, an over-hiring of Processors creates a shift toward the decline stages of the Predictable Success lifecycle, beginning with *Treadmill*. It is your job to ensure a balanced model of hiring regarding key roles.



**5. Think twice about (re-) exerting personal control.** You've built systems and processes that are allowing you to scale. They are giving you repeatability and consistency. If something goes wrong, your job is to assist in fixing the system, not to exercise heroic leadership and fix the individual problem yourself.

## Conclusion

It's important to ask yourself what stage is your organization in now? No matter if you're in *Early Struggle*, *Fun*, *Whitewater*, or *Predictable Success*, being perfectly clear about where you stand will enable you to determine which steps are best to take next.

Secondly, what stage do you want to be in?



There's no right answer here. What matters is that you have a defined direction.

After you've answered the aforementioned questions, ask yourself if you have the right Visionary/Operator/Processor mix to get you where you want to go? If you want to go back to Fun, think about outsourcing Processor functions as opposed to hiring in that direction. In turn, if you're looking to move closer to Predictable Success, bring in the required Processors. Embrace what they do and

make them a permanent part of your senior leadership team.

Finally, are you prepared to meet the personal challenges required to get to, and stay in, the stage you want to be? We've talked about the individual challenges faced by the Visionary, the Operator, and the Processor. So, *which one are you?* And more importantly, are you prepared to get to where you want to go?

*Here's to your journey.*

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