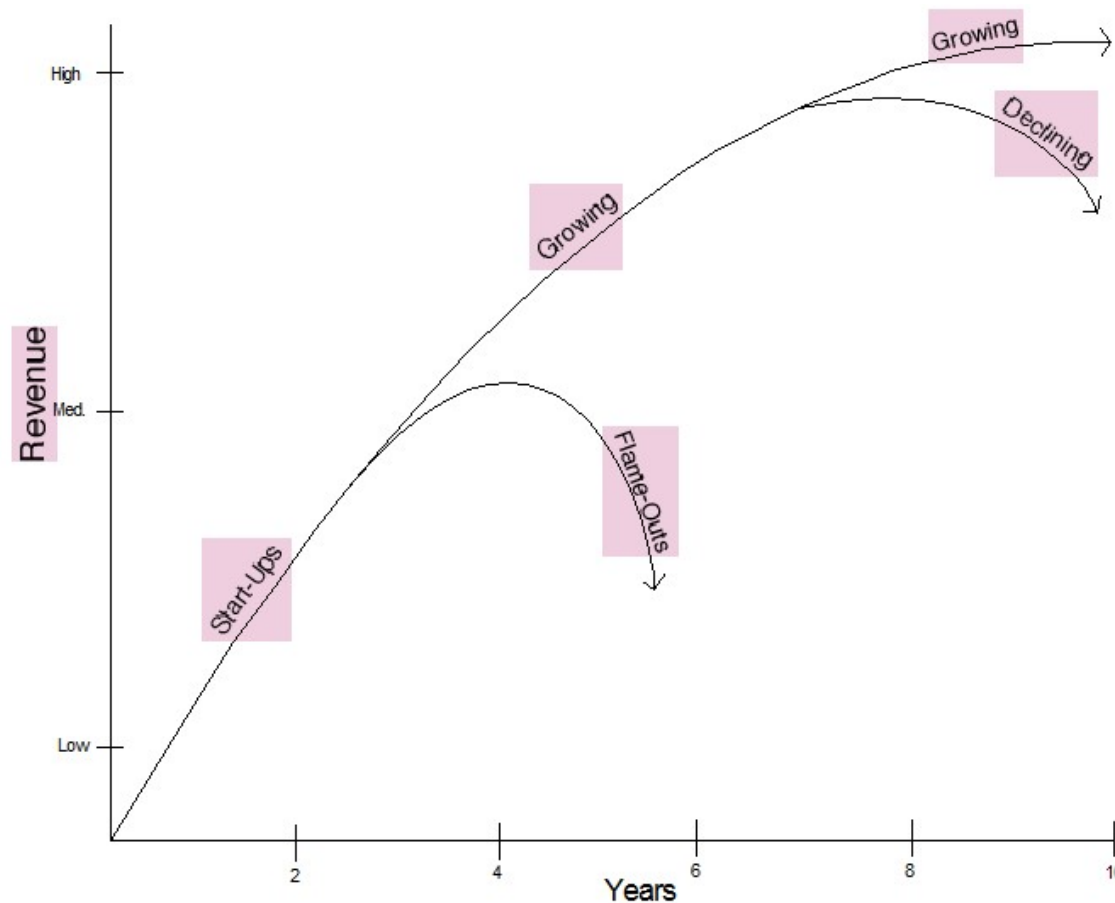


ORGANIZATIONAL LIFE CYCLES

This tool defines the life cycles of organizations and illustrates the key hurdles that all companies face. It's used by leaders to assess the obstacles their companies will face from start-up to maturity. For example, a typical start-up hits a hurdle at 3-4 years when it's forced to decide whether its products and/or services have gained sufficient market validation to warrant further investment. This is also the time when the founder may need to give way to more stewardship-oriented management. Another hurdle occurs at 7-8 years when the initial crop of products and/or services has grown obsolete – and a new vision is needed to sustain further growth.



One of the key challenges a leader faces is assessing the state of his or her organization's evolution. It is natural to be overly optimistic in assessing the future – and to be overly confident in our ability to surmount difficult odds. Therefore, it's useful to pose the following questions to the senior management team and/or board of directors as a reality check:

- Where are we in our evolution? Are we gaining market traction or losing it? How do we know? (Measures of market penetration and growth are important to every organization.)
- How are we currently measuring performance? How is that information being shared across the organization? How accurate and timely is the information? (A lack of metrics is a clear sign of trouble.)
- Do we have a performance “dashboard” that compares our performance to our expectations – so that we can identify where we need to improve? (A dashboard is a useful way to ensure regular communication about performance.)
- What does our history suggest are the most successful marketing channels for our products and services? To what extent are we investing in expanding those channels?
- What does our history suggest are the most unproductive marketing channels? To what extent are we discontinuing our investment in them?
- What is our current state of profitability versus projected profitability? How accurately can we forecast our revenues and expenses? How can we gain tighter control over our expenses?
- Are we “value driven?” Do people operate out of a clear sense of what is critical for this organization's success? Are our values discussed frequently and used in making decisions? (Evidence shows that value-driven companies have longer life spans and are more successful than non-value driven companies.)
- What is our current access to credit or new investment? What is our current credit rating? (Evidence shows that access to credit and investment is key to organizational life span.)

One of the attributes of successful leaders is the ability to ask hard questions of themselves and their peers and managers. These questions will help you assess your organization's vital signs – and spur additional discussion of its evolution.