Go-Go

A Go-Go organization is a company that has a successful product or service, rapidly growing sales and strong cash flow. The company is not only surviving, it's flourishing. Key customers are raving about the products and ordering more. Even the investors are starting to get excited. With this success, everyone quickly forgets about the trials and tribulations of Infancy. Continued success quickly transforms this confidence into arrogance, with a capital A.

Go-Go companies are like babies that have just learned to walk. They can move quickly and everything looks interesting. Fueled by their initial success, Go-Go's feel that they can succeed at almost anything that comes their way. Accordingly, they try to eat everything they touch. On Friday night the founder of a Go-Go retail shoe business goes away for the weekend. On Monday morning, he walks into the office and announces, "I just bought a shopping center". This does not surprise the employees. It has happened before. The success of the Go-Go is the realization of the founder's dreams, and if one dream can be realized, why not other dreams too? "What we did for shoes we can do for a whole mall". This arrogance is a major asset of the Go-Go, but when taken to an extreme, it is also how they get into trouble.

Go-Go's are prone to rapid diversification and spreading themselves too thin. They have so many irons in the fire they cannot give the necessary attention to each one. They make decisions and commitments they should never have made, and they get involved in ventures that they know very little about. Go-Gos inevitably get burned and lose more money overnight on a shopping center, than they made in a whole year selling shoes.

Go-Go Companies Share These Characteristics

Sales Drive the Ship. The Go-Go company is sales driven and has an insatiable appetite for growth. More is better. Every opportunity uncovered in the marketplace must be pursued. This sales orientation is addictive. The company is opportunity-driven rather than opportunity-driving. It reacts rather than proacts to opportunities. In the rush to close the deal, agreements are sometimes signed before the company really understands if it can do the work. When profit measurement systems are later put in place, it often turns out that the Go-Go company increased sales by accepting new business that was unprofitable. Uncontrolled growth can become an abnormal problem that will jeopardize the continued development of the company. On the other hand, a premature focus on profitability can inhibit the long-term potential of the company.

Everything is a priority. Strategically important tasks that are not urgent often get deferred to pursue the latest "hot" new project.

Crisis Management: its insatiable appetite for growth drives the Go-Go company. Their leaders often don't listen to criticism or warnings about difficulties of implementation. They do not listen because their single-mindedness is what made them successful in the Infancy stage. To make matters worse, the entrepreneurial types who lead Go-Gos often have difficulty articulating their ideas clearly. One listens and wonders, "What in the world does he want me to do?" The few who can interpret the Founder's ideas become the people who get the business rolling. They become critically important insiders and trusted confidants.

Management is Often Ineffective (and Frustrated). With their personal involvement in the day-to-day work of the company, Go-Go leaders often have little time to manage. Work is hastily assigned with scant attention to detail. When pressed for clearer assignments, the response is often "you figure it out, I don't need to be involved in those details". As a result, well-meaning, hard-working employees enthusiastically pursue their uncertain assignments, often making mistakes and errors. Some Founders view these screw-ups as further evidence that "if I want something done right, I have to do it myself". They tend to fix these problems by taking personal control. If perpetuated, this inability to effectively delegate will plunge the Go-Go into a premature aging syndrome known as the Founder's Trap.

Information and Accounting Systems Are Weak. The limited systems that do commonly exist in a Go-GO only support the basic needs of production/operations, customer service and accounting. Accounting typically has its hands full just trying to properly account for revenue, expenses and cash flow. Useful cost accounting and accurate reporting of individual product profitability is a distant dream. Management reports are often published so late (30 days after the end of the month) that they are of little use for day-to-day operations. The best information is often word-of-mouth.

The Company Is Organized Around People and Projects. Responsibilities are assigned based on who can do the work on a project-by-project basis. New tasks often conflict with previous assignments. If there is an organization chart, it is primarily for the benefit of investors and the board. It probably does not accurately reflect the way work really gets done in the organization. The "real" organization chart looks like a piece of paper that a chicken has walked on. Dotted lines, straight lines, and broken lines run in every direction. If you ask a Go-Go employee, or even an executive, "To whom do you report?" You usually get a complex and confusing answer. "I mostly report to Sam, but sometimes I report to Lee; however, whenever there is a quality problem, I report to Jane." "Come to think of it, I report to Al as well."

Employees Are Frustrated. In the face of an overwhelming workload, unclear responsibilities and fuzzy goals, employees find it increasingly difficult to be productive. New people are hired and thrown into their jobs with little training or preparation. Physical space and proper equipment can be scarce because growth is difficult to predict. Promotions can occur on the spur of the moment. Later in Adolescence it often turns out that people promoted into senior management positions during Go-Go do not have the skills and experience needed to succeed in that position. Good people may leave when they are invited to join other compelling opportunities.

Infrastructure is a House of Cards. As the company continues to succeed, work processes, procedures and systems expand accordingly. The development of this infrastructure usually occurs in response to emerging opportunities or unexpected problems, rather than according to a long-term plan. As things become more complex, it takes longer to fix mistakes and some fixes create new problems because of unexpected side effects. Addicted to growth, the company cannot or will not slow down and take time to properly design and implement replacement systems. Instead, they make-do by enhancing or patching what is already in place. Miraculously, things still work, but just barely. Success increases the load on this house of cards. Instead of just hoping for a miracle, the people in charge of the infrastructure now begin to rely on that miracle.

A Major Crisis Happens. Inevitably disaster strikes the Go-Go. Success finally put enough load on the system that a fairly catastrophic disaster happens that threatens the loyalty of major clients, or jeopardizes the entire business. When disaster does strike, no one takes responsibility. With weak control systems, accountability is very unclear. Nobody (except the Founder) owns the decision that created the disaster. Everyone claims inadequate information, lack of authority, and feels they are the victims of decisions made by other people. Fingers point in all directions. This frustrates Go-Go leaders. They feel betrayed. No one warned them of the tricky dangers ahead. Everyone just watched them fail. No one survives unscathed.

A Love/Hate Relationship Exists Between the Company and the Founder. When disaster does strike a Go-go and it loses more money in a week than it made in the previous year, the typical reaction to such calamities is to implement controls. The founder announces, "We need to get organized." "We need better controls around here." The Go-Go then creates rules and policies, but the Founder is the first to violate them. Go-Go Founders also tend to struggle with delegation and decentralization. Workable decentralization requires an effective system of control. In the absence of such a system, Founders attempt to delegate by establishing rules such as, "Before you make any big decisions come ask me first”, and, “Don't make any decisions I wouldn't make." This approach usually fails which causes the frustrated Founder to retake the reins of control. The relationship between Founders and their Go-Go companies is like a yo-yo. "You are in charge. No, I am in charge". The Founder needs to escape day-to-day details so that they can focus on the big picture, so they delegate authority and take off. What happens when they return? They inevitably find something that displeases them and all hell breaks loose. In a matter of hours the founder has re-centralized power, only to again disappear. After several repetitions of this cycle nobody knows what to do, or not do, and everyone grows increasingly anxious. When the peripatetic leader makes their next appearance, the accusations and frustrations begin anew. With repetition, subordinates are unwilling or unable to act decisively and paralysis reigns. Employees often have deep feelings of affection and respect for the Founder, but at the same time he/she is driving them crazy and they wish he/she would change. For their part Founders feel betrayed and unfulfilled. They want to handoff the details, but they feel they can't since no one has demonstrated the ability to replace them. Entrepreneurial leaders are often a bit paranoid so even if there is a capable replacement, they may fear that this new leader will hijack the company and steal their dreams.

Problems of Go-Go

Normal problems

Self-confidence, eagerness.

Everything is a priority?

Sales drive the ship.

Some sales accepted that we cannot deliver.

Sales more important than profits.

Unclear communications.

Unannounced, unruly and unproductive meetings.

Insufficient cost controls, adhoc budgeting.

Ineffective management from key leaders.

Founder indispensable.

Leadership is frustrated.

No consistent human resources management.

Confusion in roles and responsibilities.

Employees are frustrated.

Company subject to criticism.

Infrastructure is a house of cards.

Hope for miracles.

A major crisis occurs.

Abnormal problems

Blind arrogance.

EVERYTHING is a priority! Sustained lack of focus.

Continued pursuit of non-core or unprofitable business.

Consistent inability to deliver quality.

Premature emphasis on profitability.

No one but the founder knows what is going on.

No meetings or consistently unproductive meetings.

No cost controls, no budgeting.

Key leaders avoid managing in favor of doing.

Founder unwilling or unable to hire people who are better than him.

Increasingly remote leadership.

Consistently poor recruiting, training and compensation practices.

Leadership cannot or will not delegate effectively.

Key people are leaving.

Company subject to legal action.

Collapsing infrastructure.

Reliance on miracles.

The crisis maims the company in the marketplace or kills it.

Pathologies of Go-Go: The Founder's or Family Trap

The Founder's Trap occurs when a Go-go company is unable to relieve itself from its dependency on the Founder. The company is trapped by the capabilities and limitations of the bottleneck that is its Founder. This can occur because the organization is unable to develop the abilities needed to replace the unique skills of the Founder. The slide into the Trap can also occur because the Founder himself is either unwilling or unable to delegate effectively and decentralize control. If a company is caught in a Founders Trap it means that when the founder dies, the company might also die. A variation of the Founder's Trap can occur when owners insist on staying actively involved in decision-making and daily management of the company, even when it is clear that they must step aside and let more competent and capable executives outside the ownership group assume these roles.

The Family Trap occurs in businesses that are owned by a family where control remains in the hands of family members, and the family is unwilling or unable to place its trust in outsiders. In the Family Trap, leadership is determined on the basis of ownership and bloodlines, rather than competence and experience. In these situations, the company has again failed to separate ownership from management. Companies caught in a Family Trap are particularly vulnerable when control is transferred to an incompetent family member.

Prescription for Go-Go Success

Most Go-Go organizations fiercely embrace the proposition that strategy and flexibility are their keys to success. Everyone loves to discuss new directions the company should take. However, these same people find discussions about introducing controls, discipline, and structure to be both threatening and alien to them. Flexibility is crucial for the success of a Go-Go; but adding structure and control is crucial for the transition to Adolescence. Putting structure into a Go-Go stage company begins with a conversion of the attitudes and behaviors of the Founder and key managers of the company. Usually this change in attitude occurs only when the company grows beyond its capability to effectively support that growth and there are serious problems. By trial and error, Go-Go leaders eventually learn that without proper structure, proper systems and discipline, products fail, supplies do not arrive on time, inventory gets out of control, costs cannot be easily controlled and customer support is haphazard.

Go-Gos spread themselves too thin, tackling too many frontiers at once. Reining in activities and getting the enterprise to focus is important for a Go-Go. Identifying the organization's priorities is not as important as identifying what is NOT a priority. The company must also develop the discipline to marshal its resources and ignore issues that are not a strategic priority.

Go-Gos need continuous restructuring. They are like children who keep outgrowing their clothes. Many Go-Go leaders however, attribute little importance to structure, managerial processes or systems. They are focused externally on the wild world acquisitions, joint ventures, strategic alliances and sales, sales and more sales. Organizational structures, roles, responsibilities, budgets and rewards all require attention to detail, discipline and self-restraint. These qualities are quite alien to the entrepreneur who knows that his success came directly from ignoring boundaries and by being fast and flexible.

Developing the skills, systems, trust and respect needed to support delegation and eventually decentralization is also a crucial task for a Go-Go. The process starts with delegation from the Founder, which involves transferring responsibility for important tasks down into organization and creating the commitment needed to achieve the desired results. In the beginning of this process, Founders are often as incompetent at delegating, as their subordinates appear to be at making decisions. Support systems must be put in place before this important transition can occur. Forcing this transition before it can be effectively supported will foster mistrust and animosity between the Founder and the senior management team, and exacerbate the Founder's Trap pathology.

Delegating to a team of people, rather than to a single individual, works best. The development of effective teamwork among the senior management group becomes critical in Adolescence, so it is a good time to begin forging a strong team during Go-Go. When delegation is successful, the Founder and the management team can tackle decentralization, which is a much more challenging transition that involves transferring the responsibility for strategic decision-making from the Founder to other key managers.

For a Go-Go to preserve its hard-won gains, it must begin to make the transition from management-by-intuition and management-by-the-seat-of-its-pants to a more professional approach. The deep emotional and behavioral commitment to this difficult transition usually occurs only after the company finally experiences a truly major crisis (without killing the company). The newly humbled leadership team becomes thoroughly committed to proper systems and controls, real decentralization, and a more professional approach to management and thus begins the transition to the next stage of the lifecycle, Adolescence.

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