



## Lifecycle of Organizations

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At the foundation of effective management for any organization is the fundamental truth that all organizations, like any living organisms, have a lifecycle and undergo very predictable and repetitive patterns of behavior as they grow and develop. At each new stage of development an organization is faced with a unique set of challenges. How well or poorly management addresses these challenges, and leads a healthy transition from one stage to the next, has a significant impact on the success or failure of their organization.

Leading an organization through lifecycle transitions is not easy, or obvious. The same methods that produce success in one stage can create failure in the next. Fundamental changes in leadership and management are all required, with an approach that delicately balances the amount of control and flexibility needed for each stage. Leaders who fail to understand what is needed (and not needed) can inhibit the development of their companies or plunge them into premature aging.

The challenges that every organization must overcome at each stage of development first manifest themselves as problems that arise from the growth and success of the company and from external changes in markets, competitors, technology and the general business and political environment. This simple, unavoidable reality leads to the following five important insights about the nature of problems in organizations.

1. Problems are normal and desirable. Problems are the natural result of change. The only place on the lifecycle curve where there are no problems is the place where there is no change, which is Death. If you think that good managers are those whose organizations have no problems, think again. Your reward for successfully resolving the problems that confront you today, is a set of new problems tomorrow that will be larger and more complex. If your company faces a high rate of change in your markets, technology or industry, your challenge is magnified. The faster the rate of change, the faster problems appear and grow.

2. Your role as a leader is not to prevent problems or slow the pace of change. Instead, focus on accelerating your organization's ability to recognize and resolve problems. Your ability to work together as a team and quickly tackle any and all situations, or decide not to, is your ultimate competitive advantage.

3. Some of the problems you face are normal and some are abnormal. Normal problems are those that are expected for a given lifecycle stage. Abnormal problems are those that are not expected (or desirable) in a stage of the lifecycle. Since you will never have enough time or resources to address all the problems you face, focus on abnormal problems. Many normal problems can be ignored since they tend to resolve themselves during the natural course of growth and development.

4. You can drive your organization faster when you know the road ahead. Most of the issues you face are common to all organizations. There is no need for you to reinvent the

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wheel. You can save a lot of time and effort by thoroughly understanding the nature of all 10 stages in the lifecycle, and knowing what it takes to transition from one stage to the next. If you and your management team share a common understanding of this knowledge before problems arise, it will also help you attack the problems, instead of attacking each other.

5. Prime is the Fountain of Youth for Organizations. One key difference between the lifecycle for human being versus organizations is that living things inevitably die, while organizations need not. The "age" of a company in terms of its lifecycle is not related to its chronological age, the number of employees, or the size of its assets. Instead, the lifecycle age is defined by the interrelationship between flexibility and control. There is a fountain of youth for organizations called Prime. An organization that is in Prime has achieved a balance between control and flexibility. A Prime organization knows what it is doing, where it is going, and how it will get there. It also enjoys both high growth and high profitability. Once an organization reaches Prime, leadership must work to sustain that position.

### About Adizes

Adizes is a change management organization that specializes in helping CEOs, top management teams, boards and owners quickly and effectively accelerate through lifecycle transitions. The relationship it forges with its clients is much like that between the Olympic Training Center and the complete program of support they provide to athletics that want to become world champions. Adizes strives to help its clients dramatically improve the performance of their organizations, achieve sustainable revenue and profitability targets, and "Prime" conditions of operations. Adizes is careful about the companies it selects as clients. It is a small highly specialized "boutique" company on purpose. Since 1973, the organization has worked with clients in 48 countries from 75 different industries that range in size from the Global 100 to start-ups. All Adizes clients share a common goal of getting to "Prime" on the corporate lifecycle and enjoying both high growth and high profitability.

### About Dr. Ichak Adizes

Dr. Ichak Adizes is one of the world's leading experts on improving the performance of business and government organizations by making fundamental changes without the destructive conflict that plague many major change efforts. Since 1973 he has been involved with companies that range from the Global 100 to start-ups in more than 40 countries serving many different industries. He has also consulted to several heads of state. He is the author of seven books that have been translated into 22 languages. His work has been featured in Fortune, Forbes, Business Week, Inc. Magazine, Financial Times and the New York Times. Dr. Adizes is the Founder and Professional Director of the Adizes Institute.

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