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How to unlock *successful*  
*scale-up growth*

by Bernard Chanliou

# welcome



*Thanks for downloading my e-book. I'm Bernard Chanliou, an ICF certified Professional Business Coach*

I've dedicated the last twenty years to helping management teams of fast-growing scale-ups overcome their obstacles, increase capacity in crucial areas, and achieve sustainable growth.

I don't need to tell you that managing a scale-up is challenging. Even more so today, with the breathtaking rate of innovation and change, and tremendous uncertainty in the economy and regulatory environments. All the while, with competitors racing to beat you to market.

If that's the bad news, here's the good news: there are some very specific, very reliable methods that leaders in scale-ups like yours can utilise to identify and overcome obstacles that might otherwise derail your growth.



Now that you have moved beyond early start-up into the scale-up phase, the winning moves have changed.

In this e-book, I'm going to give you a cheatsheet of sorts, that lays out some of the key challenges and how to overcome them. This roadmap will certainly help you know what to look-out for. It will also give you some clues about the areas you should be focusing on.



I specialise in working with European scale-ups. Small and medium-sized enterprises (SMEs) are the backbone of Europe's economy.

The number of EU Scale-Ups increased by 30% between 2014-2017 (SME Annual report 2018). Eight of the top 30 start-up ecosystems in the world are in the EU.

Only 3% of Start-ups (micro-SMEs) go on to Scale-Up (EU Start-up and Scale-up Initiative). 70% of companies disappear in the valley of death, or become self-sustaining after their first seed investment (CB Insights); and on average 2% will earn a return for their VC funders.

For the purposes of this e-book, we will define a scale-up as “enterprises with an average annualised growth greater than 20% a year, over a 3-year period, and with 10 or more employees at the beginning of the observation period”.

We focus on start-ups past the pre-seed or seed phases of concept development (no revenues yet), having moved into the execution phase of the business model (steady-growth phases) or from a funding cycle past bootstrapping and moving towards early stage, series A funding.

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# SCALE-UP CHALLENGE

If you're anything like the hundreds of scale-up leaders I've worked with, then your main goal at this stage in your business is to hit ambitious growth milestones that continue to elevate your "product-market fit".

As you're no doubt aware, there's about a million things that must support that goal.



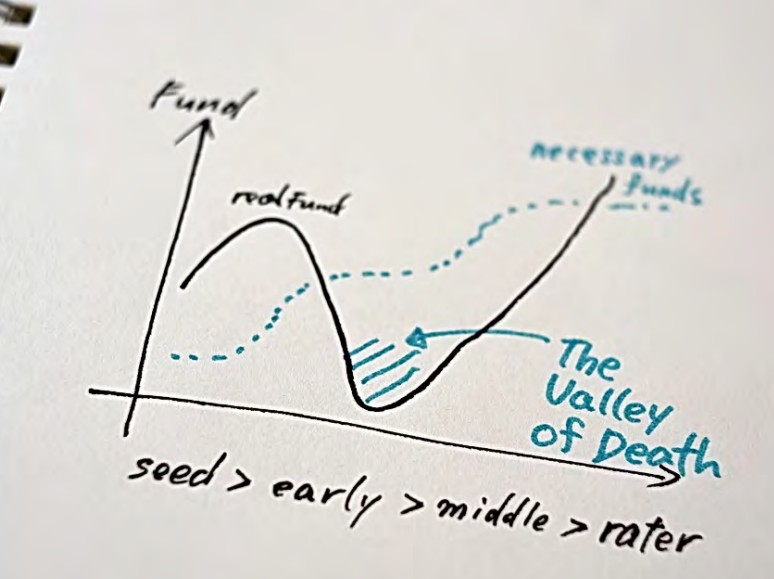
One of the most important and difficult issues is the need to rapidly build-up your strategic and managerial capacity in order to improve your ability to innovate successfully.

Some of the capacities you'll need to increase include:

- Product launch capability (i.e. development; sales and customer acquisition)
- Preparing for VC funding or second round Series A (cashflow and liquidity; financial KPIs)
- Scaling-up international capabilities
- Scaling-up your team (with the "right people on the bus in the right seats")  
Evolving and tightening-up your internal organisation
- Strategic management capability (strategic alignment, business model iteration, decision-making)

For many scale-ups, growing these capabilities quickly and overcoming the challenges at this stage of the business feels like a "growth chasm." There's a fair amount of risk. The reality is that many scale-ups don't survive this stage of the journey!

It's the leaders, like you, that are in the spotlight and must perform well under pressure.



It's been my great honour to have supported hundreds of CEOs and senior executive teams in scale-ups over the last 20 years. I'm excited to share with you some of the most important lessons my clients and I (as a coach and observer) have learned in the trenches.

I'm going to encourage you to focus on the things that the 3% who are successful do. And I'm going to point out some of the dangers that you can avoid; those mistakes that the 97% often succumb to.

Let's dive in!



One of the key distinctions as you move from early start-up to this scale-up phase is to grasp the fact that “what got you here won't get you there”. The management and leadership requirements are quite different now.

Here's the risk. If you're not successful at shifting your mindset, your priorities, and perhaps even your management and leadership style, then you could be at risk of being in the 97% group (failing to scale-up) rather than the 3% group (successful scale-ups).

The investment eco-system, including private equity firms, has always considered financial performance as the most important domain for making an investment. Because, ultimately, only one or two of 10 investments will strike it big and bring them the return their portfolio requires.

Financial, strategic and technological performances are more objectively measurable, comparable across firms and consistent with the investors' conventional risk approach. But as any sophisticated investor or serial entrepreneur understands, it's actually the “intangibles” that are the drivers of these tangible, easily-measured outcomes! I focus a lot on the capacity of leadership because, although more intangible, it seems to be the major driver that investors and financial partners are now recognising and highly-valuing.

# How can we evolve our leadership, management team and culture to successfully navigate this different stage in our firm's growth?

Research is clear that companies demonstrating higher financial performance have more sophisticated leadership.

It's well known that skillful leadership is a prerequisite. What's far less known is the actual details of what that looks like, and how that more sophisticated leadership makes decisions and implements the growth strategies. This e-book will reveal a lot of specifics about what these more successful leaders do.

You may have noticed that, at this stage in your scale-ups quest for funding, investors put a lot of focus on their assessment of, and their confidence in, the senior management team.

In a sense, you're under a microscope. Perhaps you've felt this pressure already. Clearly, it will be immensely helpful for you and your management team to know precisely what these investors are looking for. We will explore this in the e-book.

In a stable environment, organisations and their leaders can achieve success by optimising performance around an existing, proven model. Simply increasing efficiencies, doing things incrementally smarter and faster, is sufficient for success. Unfortunately, for most scale-ups - especially tech companies - those approaches are insufficient.

*Today we're witnessing a new role called 'Leadership Capital Partner'. This has emerged because assessing a company's leadership has a 10 to 15% impact on financial performance and a 25 to 30% impact on market valuation.*

CFA Magazine Jan - Feb 2012 Ulrich et al.





What used to be best practices for forecasting outcomes and controlling processes worked well in an environment of slow, often incremental change.



Now, more than ever, the business world we operate in is a complex ecosystem with a confluence of forces and variables where outcomes are anything but predictable. Certainty was a luxury afforded to leaders living in simpler times.

Traditional “predict and control” organisational steering methods seem quaint in today’s dynamic, agile, digital, and disruptive marketplace.

Gone are the days of slow-paced, incremental improvements. It's not enough to simply optimise performance around current needs and improving efficiencies. In today's VUCA environment, short for volatility, uncertainty, complexity, and ambiguity, we have to adopt new strategies to stay ahead of the curve.

Scale-up management teams face an ever-changing, complex, fragmented, hyper-active business environment. Successful leadership teams proactively develop and implement robust strategies and tactics that quickly scale-up key organisational capabilities that can meet these demands and can adapt for future performance.

Leaders of fast-growing organisations, especially tech companies in the scale-up phase must adapt their thinking and their leadership practices if they are to create the conditions that allow their team and organisation to succeed.



The work of strategic leadership is to drive the organisation so that it will thrive in the long-term in order to maximise value-creation. Most co-founders and management teams quickly come to the realisation that it is difficult to grow a company ten times faster, i.e. by accepting customer orders, as they are more likely to rely on practices and solutions that have worked in the past.

The habitual, ingrained pattern is to implement short-term solutions, and leaders over-rely on quick wins in order to satisfy their main stakeholder.

The result is a failure to address the root cause of problems and they often become overwhelmed, stressed, anxious and unprepared to lead effectively in these challenging VUCA conditions.

It is certainly difficult to find the time necessary to step back, reflect and think through the myriad of complexities these teams are facing. The increased pace of change requires accelerated decision-making from you and your management team. You have to juggle the most critical “spinning plates” of the operation of your business while you cross the treacherous “valley of death” that all tech companies face on the way to market adoption and sustainable growth.

*The gap between vision and current reality is also a source of energy. If there were no gap, there would be no need for any action to move towards the vision. We call this gap creative tension.*

Peter Senge







## FINANCIAL GAP

Most of the scale-up senior management teams I've worked with, feel financial pressure. The financial gap can be summarised with this question: How can we attract the required capital in order to fund our scaling?



## MARKET GAP

Scale-up management teams must overcome significant obstacles and demands to achieve market acceptance of their products/services sufficient for scale.



## TALENT & SKILLS GAP

Scale-ups have limited resources, both in terms of capital and bandwidth, to use to attract the talent and skills necessary to innovate successfully. The need to be able to attract the right skills and experience into their business is the greatest challenge facing scale-ups today.<sup>1</sup>



## LEADERSHIP GAP

In order for growth organisations to keep pace with customer satisfaction, business performance, successful merger integration, and numerous other pressures, they must expand their leadership capacity. Yet 47% of scale-ups state that building-up the leadership and management capacities of the senior team remains their main focus.<sup>1</sup>

<sup>1</sup>. ScaleUp Institute's UK Annual ScaleUp Review 2019

It's not easy to close these gaps while simultaneously steering a fast-moving scale-up business. Working with some of the most innovative start-ups in Europe, I've witnessed some of my clients struggling to keep-up with the pace of change.

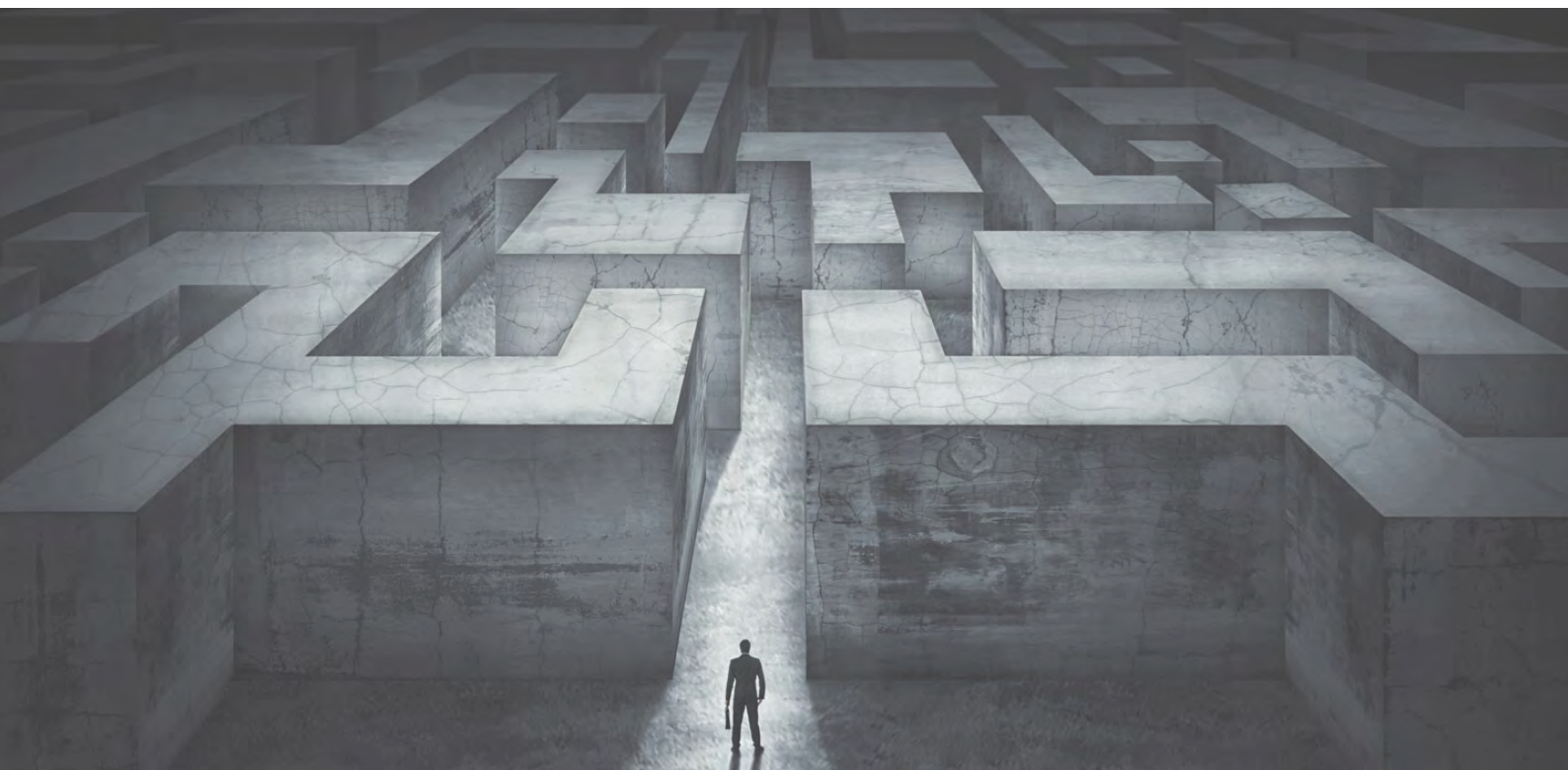
In my view, a scale-up leadership team's success often comes back to how well they navigate these complexities. This new VUCA amplified context, with its pace of change and spaghetti-bowl of problems to solve, requires new leadership capacities that most management teams inherently lack.

Too many executives have fallen prey to urgency and an addiction to "speed of execution".

Hyperactivity and confusion ensues. It can feel like having to lay down tracks in front of a moving train. However, the days of simple problems with simple solutions are behind us. We now have complex problems that require complex solutions.

Einstein once famously said that problems couldn't be solved with the same level of thinking that created them in the first place.

The worst thing you can do as a leader of a scale-up is to try to solve a complex PhD problem with a simplistic middle-school solution. The goal is to manage the pace of change at a speed that matches the firm's rate of assimilation.

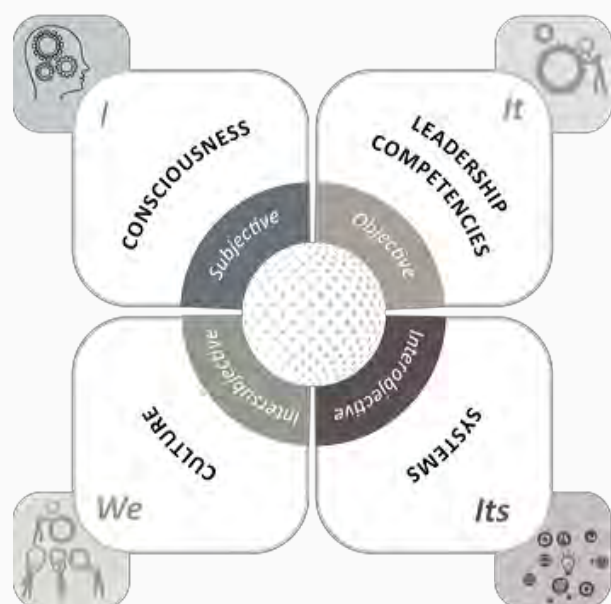


# Leadership decision-making in VUCA

If you want to improve your results and perform at the next level of scale in the context of VUCA, then you must expand your capacities in four quadrants simultaneously.

My seventeen years in the trenches designing and delivering team coaching services have led me to conclude that the AQAL Integral Framework developed by Ken Wilber is, by far, the most precise map currently available articulating theory of change within a systemic team coaching context. *See also [teamleadership.ie/what-is-vuca](http://teamleadership.ie/what-is-vuca)*

AQAL is short for “All Quadrants and All Levels, but also all Lines, all States, and all Types.” These are the dimensions or elements that Wilber uses to define reality. The AQAL map ensures that you are utilising the full range of resources for any situation, with the greatest likelihood of success.



*Adapted from Wilber's Integral Model*



## QUESTIONS FOR YOU TO EXPLORE WITH YOUR TEAM

*01*  
*How is the external environment  
blurring your business model?*

*02*  
*Do you have your antennae out in this  
VUCA environment in order to spot  
patterns that help you make sense of  
opportunities and threats (i.e. Covid-19)  
that may blindsides you?*

*03*  
*How calibrated and how  
effective/sensitive is your external  
antennae?*



While there is a level of complexity here, my experience has revealed a kind of map that can simplify our exploration of this challenging territory.

The central thesis of this e-book is this: You can close these gaps and lead your organisation into the 3% of successful scale-ups if you expand your organisation's capacity in three dimensions simultaneously.

We explore three specific dimensions of scale-up businesses and look at the gap between what organisations aspire to do, and what they're currently capable of doing.

It provides some field-tested tips on how you can more quickly close those gaps and increase the likelihood that your organisation will succeed in today's volatile, uncertain, complex, and ambiguous business landscape.

In the remaining sections, we will drill into:

- **Process, Operating Technologies and Infrastructure,**
- **Team, Collaboration and Culture,**
- **Leadership**

Let's begin by evaluating your process, operating technologies and infrastructure.

Your process, operating technologies and infrastructure



character two

# *How do we scale our processes and systems quickly and effectively so that they adequately support our evolving organisational goals?*

Every scale-up has a strategy and it's about making choices between conventional rigour management and entrepreneurial inventiveness whilst holding this creative tension at the right cooking temperature. This balancing act between innovative creativity in researching the ideal customer-value proposition, and the more conventional rigour of business management through the profit formula, requires quality assurances on adaptive challenges.

This means leadership without easy answers as most scale-ups are creating new business models where it's difficult to benchmark and look for answers from past market experiences due to the ambiguity of the environment.

This requires executing the strategic initiatives to the processes that are being used to actually execute and implement on the ground. For example:

- Increasing productivity by aligning and translating the strategy into clear key performance indicators that will encourage achievements within the current velocity of change.
- Expanding discipline in data analytics and project management that keeps the company focused on the right priorities.

Execution opens the conversation around project management, productivity and accountability (which we unpack further in the section on team, collaboration and culture). Scale-up leaders often struggle to move strategy beyond setting direction or goals and toward an ongoing process of transforming and sustaining the organisation.



This is the role of strategic leadership that needs to be embraced once the new product's success is well anchored towards high growth.

Most organisations have their deterministic, hard approach in place, usually in the form of SMART goals, with specific quantifiable tangible KPIs requiring technical intelligence. To what extent do they allow the more chaotic, complex, soft approach, such as inner purpose, sense of direction, big picture vision, requiring more emotional intelligence, higher good and intuition?

The alignment on the organisation of work in order to achieve the shared goals needs to evolve for the scale-up to gain traction in the market.

This usually means scaling-up the internal processes in order to support the international strategic growth without buckling under additional pressure.





## QUESTIONS FOR YOU TO EXPLORE WITH YOUR TEAM

*01*  
*How is the strategy translated into clear objectives and how will these be achieved?*

*02*  
*How do our processes need to evolve to be a more adaptive organisation (more agile)?*

*03*  
*Do all employees know and understand their role in achieving these objectives? Are there KPIs to drive the strategy towards achieving these objectives?*

*04*  
*How can we future-proof/bridge-build our strategy; organisational alignment (or other) in 6 months, 12 months, 18 months as we scale up?*

# KPIs and Dashboards to Help Your Team Stay Focused on the Right Things

Investors primarily consider company performance the most important domain for making investment decisions. With their teams, they have the highest confidence in their ability to assess it. As the scale-up begins, the monetisation of their product-market fit and the regular measurement and reporting processes keep them focused on their targets.

This usually requires a cultural pivot from the early stages of the life-cycle, where exploring and innovating were the norms. The information to make decisions to improve results, whilst crossing the valley of death, is often not on their priority checklist. Having the right dashboards to help employees and their respective teams then becomes their nerve centre.

The need for senior teams who can compile, assess, and interpret data in a complex environment is becoming increasingly a top priority in this customer-centric world.

Creating a culture of accountability by cultivating accountable behaviour and using accountability conversations leads to “Committed Action” without coming across heavy-handed.



## QUESTIONS FOR YOU TO EXPLORE WITH YOUR TEAM

01

*Are we measuring the right things?*

02

*How to measure productivity to increase it?*

03

*How can we better measure goals/progress to keep our team members focused on the right priorities?*

# Align Department Focus, Processes and Investment

Organisational alignment improves the future-proofing of the strategy by bringing clarity to the ambiguous environment. I see, with most of my scale-up clients, that there's a need for better strategic shared vision and alignment by articulating the purpose, vision, mission, and strategy. Aligning people, processes, technology and culture drives transformation and yields productivity.

The misalignment usually creates friction between senior management and its reporting board and employees, especially when there is a change of priorities in the strategic direction. Most early-stage start-ups work within a subject matter expert culture due to its innovative nature.

This specialist knowledge culture comes from a place of certainty with its go-to employees where the tendency is to micromanage because it's difficult to delegate one's expertise. Making open requests with direct reports can be difficult and a culture of feedback is necessary to improve efficiencies due to potential misunderstanding in the alignment.

At this stage, it is the responsibility of the management team - this means you - to set and coordinate incentives with appropriate mechanisms that support the growth goals and have the effect of "pulling the right levers" that move the organisation forward sustainably.





## QUESTIONS FOR YOU TO EXPLORE WITH YOUR TEAM

*01*  
*How aligned are we?*

*02*  
*Are our processes aligned in a top-down or cross-departmental level with our goals and opportunities?*

*03*  
*Are we actually pulling on the right levers for this stage of our business and current market realities?*

*04*  
*Is our board aligned with the priorities that our senior team has selected, or is there a tension that needs to be resolved?*

# Evaluating and expanding the capacity of your team, your collaboration, and your culture

## *Organisational Design*

Scale-ups must be nimble. While some checks and balances are absolutely necessary, hierarchy and bureaucracy have to be approached carefully, and unnecessary chains of command and lengthy decision-making processes must be avoided wherever possible.

The original senior team structure of a scale-up usually comprises its “founding team.” Each manager usually wears multiple hats. As the company on-boards even more talented executives, the interdependent roles of team members, between their functional and executive roles, becomes increasingly intertwined.

This is fine in the early start-up stage but needs to be carefully re-evaluated in the scale-up stage because the business is becoming more complex.



# Startups

The ever-increasing pace of change has forced companies to listen more closely to the needs of their customers, adapt their products and services quickly, and continually evolve their business model to the changing marketplace dynamics. This has forced businesses to rethink how they structure their organisation.

Companies are decentralising authority, moving toward product and customer-centric work groups and teams, and restructuring into dynamic networks of teams that communicate and coordinate activities in uniquely effective ways. This is a 21st century trend as per all the latest research, such as Deloitte Global Human Capital reports, and I see this with my scale-up clients across Europe.

The growth of the millennial demographic, the diversity of global teams, and the need to innovate and work more closely with customers is driving a new organisational flexibility among high-performing companies. They are shifting their structures to a network of teams alongside traditional structures, with people moving from team-to-team rather than remaining in static formal configurations.

This new, increasingly popular mode of organisation is being referred to as a “network of teams”. These teams are empowered to set their own goals and make their own decisions within the context of an overarching strategy or plan.





This is very different from the traditional, hierarchical structure of management with annual and quarterly objectives being dictated by executives and then using performance management to ensure compliance. It represents a shift away from “predict and control” methods toward a “sense and respond” approach to organisational steering.

Many organisations already operate using this structure. However, unless leadership has specifically relaxed the control of information and deliberately distributed authority and decision-making more broadly, then these networked teams (and the broader organisational culture) will likely still reflect the older- style approaches where information is not shared freely, and power is still too centralised.

The leaders of these types of adaptive organisations must be deliberate in how they design leadership decision-making, communication methods, cultural expectations, compensations, recognition and rewards. Annual reviews and employee engagement surveys are being replaced with real-time feedback, up-to-date dashboards, and frequently updated organisational processes and best practices.

It is imperative to utilise the right organisational structures, including work-groups, project and functional teams. Organisational behaviour pioneer Richard Hackman (2011)<sup>2</sup> studied team effectiveness for over 40 years and suggested that 60% of team performance can be attributed to team structure (i.e. team tasks, norms, size) and design. He found three conditions: a compelling direction, a strong structure, and a supportive context, fundamental to team success.

These principles still apply today and it is leadership’s responsibility to ensure that the necessary conditions are in place even as projects come and go, as the network of teams evolves, and the organisation adapts in preparation for the new challenges it faces each quarter and each year.

*2. Senior Leadership Teams - What it takes to make them great.*





## QUESTIONS FOR YOU TO EXPLORE WITH YOUR TEAM

*01*  
*How might we organise our teams around mission, product, or customer needs rather than business function?*

*02*  
*How might we replace silos with an information and operations centre of some kind that shares integrated information between teams?*

*03*  
*How can we encourage our people to be more collaborative and to work across teams and structures?*

# Culture eats strategy for breakfast, operational excellence for lunch and everything else for dinner.

Peter Drucker

## *Culture*

Leaders often talk about culture, but few really understand it. And even fewer design and cultivate it intentionally and successfully.

Some unsophisticated leaders may assume that culture just happens. Perhaps they take it for granted or feel that it is something that they have little control over.

Culture is akin to the “personality” of the organisation. It is made up of the values, expectations, style and tone that is established by leadership. You can’t delegate culture. As the leader, it’s your responsibility. The values (priorities) that leadership emphasises then become the foundation of the culture. Leaders model certain attitudes and ways of behaviour for the rest of the organisation.

It is especially important for leaders in scale-ups to be strategic and deliberate about cultivating the culture that will most support the organisation’s goals.

Because scale-ups must move fast, with re-organisation often on the horizon (or rear view mirror), a certain level of ‘internal chaos’ is all too common. It is the responsibility of leadership to define what that means and model how to manage the chaos.

Some cultures emphasise subject-matter expertise such as engineering/research cultures. Some cultures are high achiever cultures, blitz-scaling in order to reach an IPO quickly. Some cultures are collaborative teamwork cultures. Have you been deliberate about your culture?

As the scale-up life-cycle stage evolves towards the "growth phase", so must the culture evolve from a flat structure of subject matter experts (pre-revenue/prototyping life cycle) toward an achiever culture that focuses on performance, that results in hitting targets, that lead to Series B funding or an IPO.





# High Performance Teamwork

High performing teamwork is a universally sought after competitive advantage, yet from my experience, it is difficult to achieve for most scale-ups.

One of the dilemmas scale-ups have with teamwork is that many of the various work-groups refer to themselves as teams even though they may not actually be teams. The terms team and teamwork are often thrown around loosely without a true understanding of what they actually mean.

Organising as a team and invoking the rhetoric, expectations, and practices associated with what we call teamwork is a strategic choice, not unlike adopting a specific sales model or financial strategy.

If organising as a team is the best approach, and cultivating teamwork worth the effort, then this should be approached deliberately, with realistic expectations. And, when a group structure is sufficient, the leader and the individuals in the group can relax the expectations and drop the unnecessary, and possibly confusing, teamwork rhetoric.

*Not finance. Not strategy. Not technology. It is teamwork that remains the ultimate competitive advantage, both because it is so powerful and so rare.*

Patrick Lencioni



# Organising as a Group

Many departments and functions are properly organised as groups. This structure provides clarity regarding what members can and, more importantly, cannot expect of one another. Examples of groups include project work-groups that assemble for a short duration (e.g., 1–3 months), groups in which members are rotated frequently (e.g., quarterly or semi-annually), and long-standing groups where success is accomplished when each individual member does their job adequately.

In simple terms, the result produced by the group reflects the sum of the individual efforts. Groups are more than adequate for many organisational processes, functions, and tasks. In fact, unless the work demands a high level of collaboration combined with shared accountability, a group is generally the best way to organise.

We can distinguish groups from teams in three ways: accountability, the nature of the result of the effort, and the need for collaboration.

## 01

### ACCOUNTABILITY

Individuals in a group are generally accountable only for their own work product. Groups do not generally invoke “shared accountability.” Each member is expected to do their job competently and, in most cases, can do so without heavy reliance on other members.

## 02

### RESULT OF THE EFFORT

Groups deliver results that are a sum of the individual efforts. Synergy is not a prerequisite for successful groups. When each member does their job adequately, there is a “group result.” A group result is not the same as a “collective work product,” which reflects collaboration and co-creation of the group members (what teams produce).

## 03

### NEED FOR COLLABORATION

If each group member does their job as defined, success can be achieved without very much collaboration or co-creation. In summary, unlike teams, groups simply do not require high levels of collaboration, much less the kind of trust, nuanced communication, and commitment to shared goals and to one another that teams require. For these reasons and others, it is often more practical to organise as a group rather than a team.

# Organising as a Team

Unlike group success, team success is not merely attributable to the sum of each individual's efforts. Rather, teams utilise a collaborative approach that results in a collective work product reflecting the quality of the relationships inherent in the team.

Teamwork reflects a kind of synergy that is more than the sum of the individual parts. Simply put, to succeed, a group does not require synergy; a team does. Successful teams tap into something deeper than is required by groups. Individual members of successful teams share a vision of co-creating or co-achieving something greater than themselves.

True teams involve a level of "mutuality" that is not necessary, and often not present, in groups. This mutuality leads members of teams to experience a meaningful sense of "us" that you rarely see in groups.

## 01

### ACCOUNTABILITY

Members of teams have a sense of "shared accountability." Each member is accountable for doing their job successfully while sharing accountability with other members for the overall success of the team. The saying, "We win as a team, we lose as a team" reflects this sense of shared responsibility.

## 02

### RESULT OF THE EFFORT

Teams do not merely deliver results that are a sum of individual efforts. Rather, teams produce a shared result that can be described as a "collective work product" reflecting the members' collaboration and co-creation.

## 03

### NEED FOR COLLABORATION

With teams, it's not enough for each member to just do their job. Rather, success can only be achieved through rich collaboration that reflects the quality of the relationships between the individual members. The relationships that deliver effective collaboration are based on trust, productive conflict, shared commitment, mutual accountability, and a sharp focus on collective results.

# A highly functioning group is more effective, and more desirable, than an inauthentic team.

A leader of a high-functioning group can focus on each member's individual performance. Leaders can draw-out high performance from a group with a more "it" orientation (*see page 16*), viewing the dimensions that result in effectiveness as tangible, separate elements.

These elements exist as something "out there" a kind of objective reality that can be tinkered with to improve performance, like one might tune a car engine. In the case of a group, if the individuals do their jobs, then the whole group is effective.

Teamwork is far more nuanced than group work. Teamwork requires synergy. It is less about the individuals and more about relationships. Teamwork goes deeper into the messy, subjective interiors of individuals and relationships.

Teamwork invokes what some call a "we space" that is inherently unpredictable, emotional, subjective and inter-subjective, and rich and meaningful. It should be obvious then, that organising as a team, is much more complex and takes a lot more time than just forming and "tuning" a high-functioning group.

To avoid appearing incongruent, leaders should be wary of invoking the term teamwork if they aren't truly committed to the process it takes to cultivate the qualities associated with teamwork.

There is no disputing that high-performance teamwork is powerful; however, the requirements to achieve it should not be underestimated. Success in this endeavor often requires substantial behavioural changes from people who may lack the time or energy necessary, or who may be resistant to change.

Scale-ups operate in an environment of frequent new hires with constant change. This often doesn't avail the time needed for groups to evolve into teams. There is also often a kind of "silo mentality" in the early stages due to the nature of prototyping and the way the functions group together.





While it's not a problem to organise as groups, sometimes management has unrealistic expectations that the members of the groups behave as if they are teams. In the worst case, this can lead to poor or sloppy communication, mixed messages, disappointment and tension.

Before going down this road, ask the following questions of yourself and your fellow team members.<sup>3</sup>

- **Are we capable of admitting to mistakes, weaknesses, and insufficient knowledge? (i.e. vulnerability)**
- **Can we speak up openly when we disagree?**
- **Will we confront behavioural problems directly?**
- **Can we put the success of the team over our own agendas?**

If the answer to one or more of these questions is "probably not," then a group should proceed cautiously before attempting to become a high-performance team.

*3. From "The Trouble with Teamwork" by Patrick Lencioni*



# Managing Expectations

Effective teamwork in a VUCA world is somewhat of a constant juggling act. For example, managing the inherent interdependencies between functional silos and the greater good of the organisation to achieve agreement on the strategic direction.

Conscious leaders who are on top of their game are aware of the inherent complexities of moving goal-posts in shifting sands, the need to adjust people's focus and periodically re-align incentives, updating expectations and establishing new areas of autonomy and responsibility, as well as establishing new boundaries as the organisation evolves.

This is difficult for leadership and can be frustrating, stressful or even demoralising for team members, especially line-level employees who may have little visibility into, or understanding of, the need to shift the business model or organisational structures.

As one of the leaders in your scale-up business, it is your responsibility to manage the internal and external stakeholder expectations while simultaneously managing your operation to meet or exceed those expectations as much as possible.

*Moving goalposts in the form of unclear or rapidly changing objectives - often caused by the need to adapt quickly to changing market conditions - can lead to confusion, frustration, blaming, lack of accountability, and missed deadlines.*



Role fluidity and constantly shifting and fluctuating targets—common in scale-ups in VUCA environments—can be overwhelming for employees. It is the responsibility of leadership to help team members make sense of this in a way that is empowering rather than demoralising.

Conscious leaders are aware of the experience of their staff and can take the perspective of the person in a given role with a given set of (shifting) priorities.

Rather than this being frustrating and stressful, as the leader, you can help your team turn it into an enjoyable game of sorts. As Mark Twain said: “Work and play are words used to describe the same thing under differing conditions.”

Helping employees understand and develop the way they take up their work role, and its authority, responsibilities, accountabilities and relationships within an uncertain, ambiguous environment is not necessarily easy, but as the leader, it’s yours to do.





## QUESTIONS FOR YOU TO EXPLORE WITH YOUR TEAM

*01*  
How can we "make visible" the context and 'structures' driving behaviours?

*02*  
How can we support the team expectations (culture/morale) with changing circumstances, moving targets/moving goalposts?

*03*  
Do the people in these roles feel that they are adequately equipped to be successful?

*04*  
Are the roles and expectations aligned with other team members and other departments?



# Motivation and Morale

Leaders in fast-growth scale-ups need to get past the old-fashioned belief that they can (or even should) control people. A rigid chain-of-command hierarchical structure, combined with a strict authoritarian leadership style, worked well during the Industrial Age when brawn was more common in the workplace than brains.

As a scale-up leader, you must abandon outdated management theories such as Taylorism (a 19th century factory management system to increase efficiency by evaluating every step in a manufacturing process and breaking down production into specialised repetitive tasks) and Theory X (the belief that management must counteract an inherent human tendency to avoid work).

You have to recognise you're dealing primarily with "knowledge workers" and not manual labourers on an assembly line.

Today's workers are generally eager to be productive members of a team and are motivated to accomplish meaningful objectives as an organisation.

Of course, as the leader, it is your responsibility to create the conditions where these workers can be successful. It's your job to provide adequate training and resources and appropriate level of autonomy to complete their work successfully and solve problems as they arise.

Rather than guard information and control behaviour (as autocratic and authoritarian leaders do), managers in fast-moving scale-ups must encourage curiosity and creativity, and cultivate the conditions where people are excited to learn, contribute, and collaborate toward shared goals and common vision and mission.

There are many excellent resources to help scale-up leaders cultivate an environment in which employees feel more motivated, engaged, and experience higher morale.

Books such as Daniel Pink's *Drive*, Simon Synek's *Start with Why*, and John Mackey's *Conscious Capitalism* all highlight the abundant research that shows us that intrinsic motivation is generally far more powerful, and far more reliable than extrinsic (carrot and stick) motivation.

Clearly, financial compensation is one factor, yet there are numerous other factors that are at least as important if not even more important.



# *What motivates your team members to remain engaged, perform well, and grow in ways that enable them to take on more responsibility?*

Fewer and fewer knowledge workers are driven primarily by a paycheck; this is especially true for highly-skilled, competent, in-demand professionals that scale-ups need to succeed in a highly competitive market.

I see five distinct forms of “compensation,” and of those, only one of them is financial. In addition to financial compensation, I add emotional, social, psychological, and spiritual compensation.

Emotional compensation is determined by the question, “Do I enjoy my work?”

Social compensation is determined by the question, “Do I like the people I work with?”

Psychological compensation is determined by the question, “Am I learning and growing in my career?”

And spiritual compensation is determined by the question, “Does my work have meaning and purpose?”

Meaning is critical for leaders because it impacts both organisational culture and employee engagement.

Conscious leadership expert Raj Sisodia argues that today’s greatest companies are fuelled by passion and purpose, not just the pursuit of profits. In *Firms of Endearment: How World-Class Companies Profit from Passion and Purpose*, he offers numerous examples of how some of the world’s most successful firms exist for a higher meaning and leverage their purpose-oriented culture as their strongest competitive advantage.

# When employees find their work meaningful, they are more likely to put in what is called discretionary effort.

There is no such thing as an “unmotivated employee” or an “unmotivated workforce.” Everyone is motivated, just in different ways and toward different activities.

Many workers are not motivated to do the things their leaders want them to do. But that doesn't mean they aren't motivated; they just aren't motivated to do the things they “should” be doing, according to their boss.

These same employees may be highly motivated to gossip with their co-workers, update their social media profiles, or finish the next level of an online game (rather than finish the report their manager is waiting for). It's not that these employees are unmotivated; it's that they aren't motivated to do what you want them to do.

***And who's fault is that? Who hired them? Who on-boarded and trained them?***

***Who mentors and manages them? Who is responsible for helping them understand what things mean in the organisation?***

If your employees aren't motivated to do the things you want them to do, then sharpening your knowledge and skills about motivation might be very beneficial for you as a scale-up leader.

Everyone is motivated toward something; the key is to figure out what motivates specific people (or groups of people) in specific circumstances (or types of circumstances).

Leaders cannot influence and motivate people with effectiveness, accuracy, or precision, if they do not recognise what is important to people—their values. Sophisticated leaders develop the ability to recognise other people's values accurately. This enables them to better understand a person's priorities and provides numerous clues about what decisions the person may make.





*Do you know what's important to the people you want to motivate? Do you know what they value?*

Have you asked them what is important to them about their role, their project, their assignment, and their teamwork?

If you do not know what your employees value, then it's certainly going to be difficult to motivate them. To help leaders better understand different ways employees make meaning, and what motivates them, we highlight four commonly seen value clusters that can also be thought of as meaning or motivation clusters.

# 01

## ACCOUNTABILITY VALUES CLUSTER

Some people are motivated by success, achievement, and status. They are concerned with personal autonomy, getting ahead, being at the top of their game, receiving recognition, living the good life, and especially winning.

# 02

## MAKING A DIFFERENCE VALUES CLUSTER

Some people are motivated by making a difference, harmonious interpersonal relationships, and self-actualisation. They are concerned with the quality of the connection in their relationships, cultivating self-awareness and peace of mind, fostering fairness and equality, and promoting human rights.

# 03

## TRADITIONAL VALUES CLUSTER

Some people are motivated by belonging, the security, and preserving the traditional ways of thinking and acting according to how they were raised. They are concerned with fulfilling their duties, obeying authority, and doing the right thing (as defined by authority).

# 04

## POWER-CENTRIC VALUES CLUSTER

Some people are more motivated by power, respect, and dominance. They are concerned with being tough, gaining the upper hand, being in control, gratifying desires, and being "top dog."

As you inquire into people's values by asking them what is important about their role, assignment, project, and teamwork, also begin to notice how the values of the different people you work with tend to more readily fall into one of the above value clusters more than the others.

# A Learning Culture

Scale-ups require continual learning and improvement. Organisations that thrive in a VUCA environment must be “learning organisations.” Does your environment foster learning?

The most successful scale-ups cultivate a culture with feedback that is unafraid of taking measured risks and making (small) mistakes in the process. Senior leaders need to role-model these attitudes and behaviours.

Uncertainty and volatility have a tendency to induce fear. It diminishes our ability to learn because it causes people to doubt their ability to perform and achieve their goals.

For many, their biggest fear at work is the fear of failure in the eyes of others; failure of not knowing especially as a subject matter expert within a performer’s culture; failure to be perceived as capable, valuable, and poised to handle the challenges the organisation is facing.

We need to model being “knowledgeable” rather than showing up as a “knower” (or know it all). It's important to have expertise, but also important to be free from the need to defend a position or even be seen as “the expert.”

If you are familiar with Carol Dweck’s popular work first introduced in her book *Mindset: The New Psychology of Success*, you are already aware of this. She outlines two attitudes or orientations about learning which she labels “Fixed” and “Fluid.” Fred Kofman refers to these two attitudes as the “Knower” and the “Learner.” I will use Kofman’s terms here.<sup>4</sup>

4. *Conscious Business: How to Build Value through Values* by Fred Kofman.



We can think of the gap between our aspirations and our abilities as a learning gap. Those who approach the learning gap with a “knower” attitude generally have a closed mind, because they assume they already have the answers and are therefore incapable of any significant improvement. This tendency to not admit they don’t know something, according to Kofman, is the hallmark of Knowers. And, as he points out, it’s difficult (or even impossible) to seek new knowledge unless people are aware of, and admit to, their limitations.

On the other hand, those who approach the learning gap with the “learner” attitude are willing to admit that they don’t know. This awareness and admission of the learning gap enables them to approach situations with an open mind and a sense of ease—even enjoyment—as they learn new ways of understanding and doing things.

These divergent attitudes can be analysed in terms of how they are oriented toward effort, challenges, mistakes, and even the success of others. These differences are summarised in the framework below (informed by Dweck, Kofman, and others). Research shows that an environment where team members feel they can be open and honest with each other leads to better performance and problem-solving.





## QUESTIONS FOR YOU TO EXPLORE WITH YOUR TEAM

01

*How can we cultivate more of a learning culture?*

02

*How can we as leaders model being “knowledgeable” without making us look like “knowers”?*

03

*Are we making it safe to make mistakes and learn from them?*

04

*How can we make our workplace more of a “feedback- rich environment”?*

# Collaboration & Problem Solving

As the scale-up is building the airplane, and as they're flying it, the sheer amount of to-do lists and information available can be overwhelming.

This often leads to a culture of reactivity where one needs to juggle with different spinning plates depending on the order of priority. Organisational ADD (Attention Deficit Disorder) usually a consequence of VUCA can lead to a lack of focus (discipline) and ineffective use of time and meetings.

The enhancements of team collaboration, with its myriad of models and micro-techniques, plays its role in order to maintain commitment to the collective. One of the most impactful ones I see with my own scale-up clients is the differentiation between types of meetings (tactical/strategic) and how to improve the communication structure.

Addressing conflict and issues sooner, with difficult conversations leading to a culture of courageous conversations, is another key competency that scale-ups can strengthen. Scale-up leaders do well to put attention on their conflict management strategies. What are the common mistakes and mis-steps seen as it relates to conflicting ideas, goals, strategies, tactics or timelines?

We also need to look closely at the impact of power and politics and what we can do to be proactive about these factors.

***Do you offer best practices for feedback? Do you offer your people training on giving effective feedback (and receiving it)?***

***What about delegation? Do you just leave that to the individual person's style or are there best practices that can be offered? And how do you handle accountability?***

***Have you provided any frameworks or methods your team members can use to hold each other accountable?***



## QUESTIONS FOR YOU TO EXPLORE WITH YOUR TEAM

01

*How does a collaborative relationship look like in a VUCA circumstance?*

02

*Do we have the culture we need for the impact we want? How do we assess it?*

03

*How can we cultivate a culture of accountability?*



What kind of leadership is your organisation needing from you now?



character for



*Culture and leadership are two sides of the same coin and you cannot understand one without the other.*

In this section, we move from the discussion of culture to the all-important exploration of leadership. The scale-up organisation's leadership team creates the conditions for the success (or failure) of the venture. This is true both in terms of the macro (success of the overall venture) and the micro (the success of the projects, teams and individuals in the organisation).

The overarching question I would pose to you is: ***What kind of leadership does your organisation need from you now?***

It's certainly not easy being a leader in a VUCA scale-up environment. Leadership needs to embody specific social processes, embedded in cultural beliefs and practices, which shapes and creates the collective outcomes of direction, alignment, and commitment of the organisation. Easier said than done.

Conscious leadership pioneer Rand Stagen says, "Leaders get the organisations they deserve." Perhaps that's a fresh take on the old saying, a fish rots from the head down.



# *The management team of a scale-up must first upshift their leadership capability before their organisations can follow.*

Some find it surprising when they learn that I choose not to take on work with scale-ups unless I can work with the CEO, leader of the senior management team, guardian of the organisational culture, and accountable for relationships with the chairman of the board and the myriad of investors. If the CEO isn't willing to "do his/her work" then there is little hope that the broader leadership team, and the culture that follows their lead, will make the necessary "upshift" that the organisation needs.

We have already seen that as our scale-ups grow, our challenges become more complex. As much recently-published research is showing, the VUCA conditions of globalisation, acceleration of innovation and decentralisation, is quickly multiplying that complexity.

Leadership development experts refer to this dynamic as the "Performance Paradox." Simply put, the very thinking (the winning formula) that leaders used to produce an organisation's current level of performance is now the biggest obstacle preventing it from moving to the next stage of growth. Perhaps Marshall Goldsmith conveys this most succinctly in the title of his bestselling book *What Got You Here Won't Get You There*.

This understanding is especially relevant — I would even say crucial — for leaders in scale-ups. It is the leadership team that establishes the processes and habits, the communication style of the organisation, and sets the emotional tone.

It's now well understood in management science that organisations evolve through specific, predictable sequential stages, each with an inherent "crisis" or problem that can only be overcome by moving to the subsequent stage. Although academics debate the precise length and nature of each of these phases, everyone agrees that each phase contains its own unique structure, systems and leadership. Corporate life-cycle experts Ichak Adizes, Robert Quinn, Kim Cameron, Larry Greiner, Bill Torbert and many others have published research demonstrating the various stages through which organisations evolve and the kinds of challenges they face that can be solved only when the organisation's shift into the next higher level of capability (higher complexity).<sup>5</sup>

I find Ichak Adizes' model to be an especially useful framework. He suggests that organisations progress through predictable stages, each requiring a distinct mix and emphasis of activities: driving results, acting entrepreneurially, administering formal rules and procedures and integrating people and processes.

The less well-known model, yet thoroughly researched and proven in practice, reveals that organisations ONLY shift to these higher levels of complexity (greater capacity), after the leadership of the organisation shifts to the next higher level of capability.

Only a decade ago this was not well-known outside of academic circles and the very sophisticated global corporations that were consulting with these academics. But today, this is widely understood. In fact, every major consulting firm (McKindsey, Accenture, Deloitte & Touche) have all published research with specific strategic recommendations about these so called "levels of leadership" and the need for "greater capacity and complexity" for organisations to overcome their growth challenges.

*5. See "Organization Life Cycles and Shifting Criteria of Effectiveness" by Quinn and Cameron in Management Science. Also see "Evolution and Revolution as Organizations Grow" by Larry Greiner in Harvard Business Review. And "Action Inquiry: The Secret of Timely and Transforming Leadership" by Bill Torbert. Also, see "Managing Corporate Lifecycles" by Ichak Adizes.*

# The Leadership Imperative

We now understand that in the same way that organisations develop in predictable, progressively more complex stages, so too do leaders. The organisation cannot organise at a higher-level performance than the consciousness complexity of the organisation's leadership.

*If the challenges our growing business faces are more complex than we are, our leadership will be inadequate.*

In his popular book, *Mastering Leadership: An Integrated Framework for Breakthrough Performance and Extraordinary Business Results* Mastering Leadership, Bob Anderson describes what he calls "The Leadership Imperative."

I'm convinced this concept is extremely relevant for leaders in scale-ups. Anderson describes it this way: "The development of leadership effectiveness must, at minimum, keep pace with the rate of change and the rate of escalating complexity."<sup>6</sup>

If the capabilities of the leaders and of the collective leadership system, does not evolve at a rate that matches or exceeds the rate that the business is increasing in complexity, then you will find yourself in what Harvard's Robert Kegan calls "In over your head."<sup>7</sup>

Leaders grow through a very specific and well-documented series of sequential stages. According to volumes of research, as Bob Anderson puts it, these stages of leadership complexity are universal and invariant because they are built into human nature. This reality simply can't be ignored or wished away.

6. *Mastering Leadership: An Integrated Framework for Breakthrough Performance and Extraordinary Business Results* Mastering Leadership by Bob Anderson

7. *In Over Our Heads: The Mental Demands of Modern Life* by Robert Kegan





Most scale-up leaders don't have time to reinvent themselves or become a totally different leader, so it's important to find the leverage which would give the best skill enhancements or the best value for money.

One of the common questions my clients ask is: "Without having to completely overhaul my leadership style, much less my personality, what are the leadership shifts that I should make that will have the biggest impact on my organisation?"

The main role of leaders is to determine if they are solving the right problems (strategy/business model) the right way (process/teams/culture).

As the scale-up is gaining traction on the market, finding the courage to get more honest feedback and locate leadership weaknesses or blind spots so that you can raise your game becomes crucial.

As leaders, we are very good at developing defence mechanisms so that we don't have to look at certain inadequacies. But to get to the next level, it's essential to take an honest inventory and upgrade the 1-2 areas that are still running outdated programs that are no longer a good fit for today's leadership challenges.

As a business coach to fast-growth, scale-up management teams, I can tell you that you don't need to go and read a dozen books and attempt to become an expert on organisational and leadership stages of development. But unless you want to stumble around in the dark, trying to find the path from your current level to the next level, you absolutely should avail yourself of experts who can help you close this leadership gap.

Leadership development experts, like myself and my colleagues, can quickly assess your current stages and help you design "developmental scaffolding" to build the next layers of capability that are prerequisites for success at this next phase of your scale-up journey..



Since I have deep expertise in these maps and the territory they represent (having consulted with hundreds of scale-ups for close to two decades), I'm a great resource for you. I hope you will take advantage of this opportunity.



## QUESTIONS FOR YOU AND YOUR TEAM TO EXPLORE

*01*  
*In what ways can I see that the complexity of our business problems has significantly increased and is testing our leadership capabilities?*

*02*  
*What kind of leadership do my direct reports need in order for them to perform their roles?*

*03*  
*Might I have some leadership blind spots? What about my leadership team members?*

*04*  
*Might I be overlooking something that could blindside me?*





## WHAT'S YOUR NEXT MOVE?

What ideas have I been able to give you? If you've found this stimulating, then let's have coffee (or at least a phone call) and chat about your situation.

My colleagues say I'm an excellent sounding board. And as you've probably gathered, I'm very familiar with this territory.

I'm happy to help you think through your situation, catalogue your challenges and brainstorm your options.

I look forward to hearing from you. Feel free to reach out at [bchanliu@teamleadership.ie](mailto:bchanliu@teamleadership.ie)

*Bernard Chanliu*

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(as per the central thesis of this e-book)

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