

HEALTHY COMPANIES  
INTERNATIONAL

Healthy Companies is a global management consulting and research firm dedicated to driving the CEO's Agenda.

**We help CEOs and executive teams build healthy, high-performing organizations.**

**Our research indicates six hallmarks of a Healthy Company.**

**A Healthy Company... Lives a Higher Purpose**

The company views itself not just as a business, but also as a force working for the greater good. The vision is clear, inspiring, deeply understood and personally embraced. People have a zeal for fulfilling the company's mission and share a passion for exceeding customer expectations.

**A Healthy Company... Unleashes Human Energy**

The work environment inherently fosters collaboration and learning. People are positively reinforced to embrace change and uncertainty with confidence. Diversity is celebrated and leveraged for performance advantage. The company invests to attract and retain top talent, and provides motivating incentives for professional and personal growth.

**A Healthy Company... Turns Decisions into Action**

Action plans and performance requirements are clearly linked to the

Continued on Page 2



## Are You a Growth CEO?

**Many CEOs unknowingly work against organic growth. Working for growth means letting go of some control to embrace a healthy measure of risk.**

YOU ARE A CEO. AND LIKE ALL leaders you can overestimate the control you have over people and underestimate the impact you actually have on people. As the CEO, your behaviors clearly influence those around you and truly shape the company's destiny.

In an economy that's still wobbling back to its feet, you may find yourself valuing predictability over possibility, or focusing more on fiscal control than on customers. This is perfectly understandable. Rigid controls feel like a rational response to external uncertainty. But what effect do those controls have on your company's entrepreneurial spirit? What effect will this emphasis have on your organization's innovation and growth?

**"We want high service and high results, but we also need people to be entrepreneurial. Get out and do the next thing. We say... 'Go, just go.'"**

— **Richard Edelman, CEO,**  
Edelman Public Relations<sup>2</sup>

### Profile of a Growth Leader

An extensive study conducted by Healthy Companies, in partnership with the University of Virginia's Darden

School of Business, profiled a rare breed of leader working inside large corporations, usually as mid-level executives. These growth leaders operate much like entrepreneurs, leveraging existing resources to drive double-digit organic growth. Significantly, this often entails working around their company's entrenched bureaucracy, control systems, and inflexible work processes.

You may not know the growth leaders in your own company. They rarely clamor for senior management's attention. In fact, many will tell you: "The best thing the company can do for me is to stay out of my way." While this may sound like old-fashioned, rugged individualism, it actually reflects growth leaders' frustration with corporate systems rooted in assumptions they don't share.

Big companies tend to make big bets. And since big bets mean big risks, top corporate executives understandably want lots of assurance that their bets will pay off. So most large corporations invest heavily in predictability and control via market research, sophisticated analyses, forecasts, project plans, standard operating procedures, gated approval systems and the like.

**Continued from Page 1**

vision, mission, and higher purpose. The lines of decision-making authority and accountability are efficient and clear. Leaders set ambitious-yet-attainable goals to foster optimism and sustain momentum. The company applies optimum tools and technologies in pursuit of its objectives.

### **A Healthy Company... Balances its Diverse Communities**

Even as it pursues its own discrete goals, the company views itself as interdependent with others and stewards resources for the benefit of the larger communities to which it belongs. Leaders acknowledge, honor, and constructively reconcile competing stakeholder demands. The company treats everyone with dignity and respect.

### **A Healthy Company... Creates Enduring Value**

The company strikes a balance between long-term and short-term imperatives. Customer interests are given first consideration in key decisions. The company equates success with what matters to stakeholders. People are passionate about winning.

### **A Healthy Company... Protects and Renews**

The company holds firm to values and principles it deems crucial to sustained profitable growth. Leaders view the company's business reputation and brand as priceless assets. Sources of competitive advantage are well defined and constantly replenished. People are encouraged to question, innovate, and advocate for customers.

In contrast, the growth leaders we found thriving within big companies make small bets. Lots of small bets. And while they rarely know if their bets will pay off, it doesn't worry them. They practice affordable loss. They say: "Let's try this and see what happens."

**"After a while, you become more conscious that anxiety is part of the process. You just have to focus on the goal and your passion for that goal."**

— **Michelle Peluso, former CEO,**  
Travelocity<sup>2</sup>

Growth leaders test their ideas on a small scale to start, which makes it easy to pull the plug if an idea doesn't work out. They learn from each experience, modify their ideas accordingly, or move on to experiment with the next innovation. In this way, growth leaders continually innovate in pursuit of organic growth, at a very low cost, while keeping risks under control.

As important, growth leaders are all about what their customers value. By viewing their own operations through their customers' eyes, growth leaders spy opportunities traditional managers may miss. Many growth leaders even enroll customers in shaping and carrying out their experiments. When the customer reports that an innovation does in fact add value, the growth leader scales it up. That is the formula for accelerating organic growth.

### **The CEO's Role**

We find that many CEOs unknowingly work against organic growth. The mechanisms you maintain to manage large spans of control (which, after all, is the essence of your job) can inadvertently suppress entrepreneurial spirit at the middle levels. We believe this is a key reason why double-digit organic growth is so rare within larger companies. We know it is why the growth leaders we studied so intently

stay "under the radar" as they pursue organic growth.

**"I encourage people to come up with the new ideas, rather than tell them what the ideas are. My role is to synthesize people's ideas and inspiration into a corporate story line."**

— **Jørgen Vig Knudstorp, CEO,**  
LEGO Group<sup>2</sup>

All CEOs want rapid organic growth. Relatively few get it. Our firm's two decades of ongoing research shows that larger companies tend to work against growth in the following ways:

- ◆ Place too much faith in the power of data. A slavish reliance on data can be self-defeating. Data from the past may be irrelevant for assessing new opportunities.
- ◆ Allow bureaucracy to smother entrepreneurship. The organization's bureaucracy is indispensable, but the company's entrepreneurs need to have their own mental and physical space to trigger innovation.
- ◆ Believe that only big is beautiful. An initiative with modest objectives may need time to pay off in a big way and may have to begin small.
- ◆ Insist that all projects be treated equally. Not every initiative needs to adhere to the same rigorous path. CEOs should identify which projects would be better driven entrepreneurially and nurture them along a fast track.

### **CEOs Primed for Growth in 2010**

The Conference Board's annual survey reveals that CEOs are shifting from "survival mode" to renewed pursuit of growth. They cite top-line growth and profit growth among their top-ten CEO challenges this year.†

As CEO, here are some other ways you can counter those tendencies and get your organization working for organic growth...

#### View yourself as the company's "chief growth officer"

- ◆ What are you doing to make growth the priority? How much of your time and communication is focused on growth. Do you challenge the company to grow faster than it believes it can?

#### Personify courage and realistic optimism

- ◆ Do you have the confidence and self-awareness to speak candidly about the current anxiety AND still dream out loud about the better future ahead?

#### Find and unleash growth leaders hidden in the heart of your company

- ◆ Do you have a disciplined process for identifying growth leaders? Can you offer a buffer from the organization's bureaucracy and then challenge them to experiment often on a small scale?

To what degree are you and your senior team exhibiting these behaviors? The tricky part is giving your growth leaders enough room to be their

### Accelerating Organic Growth™

Does your company have an explicit and effective system in place to select, develop and unleash high-potential growth leaders?



entrepreneurial selves, while ensuring they are directed and focused to deliver outcomes that benefit your business and advance your company's strategies. You set the guardrails for the superhighway of growth to guide and channel—but not block—innovation. To find the right balance, you'll likely need to do some experimenting of your own!

**"I wanted to find people who were not products of the company and who would bring us a different perspective.... We operate in a different environment. And so we need to move the culture beyond what had made us successful in the past."**

— **Bill Johnson, CEO,**  
Heinz<sup>2</sup>

We recommend you apply an explicit process to rigorously identify, develop

and unleash high-potential growth leaders across your company. In an age when companies compulsively define their key processes, it is ironic that few have an explicit process for driving organic growth. Most companies seem content to just "let it happen." Make your company the exception. Make your company a "growth-leader factory."

When growth leaders find their behaviors reinforced by the CEO, by other C-level executives and by corporate systems, this is the very definition of a healthy, sustainable, organic growth culture. Great growth leaders who would otherwise grow restless and move on will stick with your company as long as you, the CEO, actively and tangibly foster their discretionary performance, their passion for customers, and their innovation. ◆

<sup>1</sup>Liedtka, Jeanne; Rosen, Robert; and Wiltbank, Robert. *The Catalyst: How You Can Become an Extraordinary Growth Leader*. Crown Publishing, 2009.

<sup>†</sup> The Conference Board. *Newsline*. "CEOs Primed for Growth in 2010." March 1, 2010.

<sup>2</sup> "What CEOs DO"™. 1990-. Healthy Companies International.

Want to know more? [Download our Accelerating Organic Growth™ capability brochure.](#)

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