



Moving through second stage

Entering second stage is a major shift for growth entrepreneurs. Although survival is no longer a concern (at least not on a daily basis) as they advance along the entrepreneurial continuum, second-stagers encounter new challenges and reach pivotal points — ones that require changes both in their organization and their role as a leader. Below are four interior phases of second stage that growth entrepreneurs have shared with us:

Overwhelmed — In early days, entrepreneurs tend to operate as lone wolves. In second stage, however, they begin to realize the needs of their business have outgrown their capabilities. This can be a painful period. Even though their companies are growing, they may feel overwhelmed and out of control. At some point they typically hit a plateau or encounter some type of turbulence and admit that they can't go it alone.

Recognizing they need external help is an important milestone, but getting the right kind is easier said than done. With an already exhaustive to-do list, second-stage leaders lack time and often don't know where to turn. Depending on what's keeping them awake at night, assistance could take the form of a peer or trusted adviser, service provider, entrepreneur support organization, consultant or combination of sources.

Building the team — At this juncture, second-stagers need to bring on additional employees and senior managers, which enables them to delegate and fill in blind spots. Instead of being a technician immersed *in* their business, they now start working *on* their business. They move from being a manager of few to a leader of many; their role evolves into one of visionary and coach.

Building the team means adding people with specific, professional skill sets, along with policies and procedures on everything from HR and communications to culture. This talent infusion and infrastructure helps entrepreneurs manage their growing business and increase employees' accountability and performance. It creates an organization that can run efficiently even when they're not around — which means they may actually be able to take a vacation.

Tip: Building the team is much easier if entrepreneurs create job descriptions and org charts — documents that not only address what the company looks like today but also what they want it to look



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like in five years. This helps leaders know what seats need to be filled and what kind of expertise to recruit. It's also important to define and communicate the company's purpose, vision and values in order to recruit and retain employees who are a good fit.

Growing to last — This phase is about developing strategic plans, processes and organizational structure to achieve sustainable — and profitable — expansion. Second-stage entrepreneurs refine their company's core competencies. They set big, long-term goals, such as going public or scaling the business to sell to investors, along with specific tactics for reaching those goals. It's important to not only consider the company's internal strengths and weaknesses, but also the external environment and how changes in politics, the economy, technology and society can affect their firm's growth. Bottomline, second-stagers are learning *how* to scale.

Focused opportunities — As the second-stage leader becomes more strategic, he or she begins to get better at recognizing very specific opportunities in which to invest time and resources. This could include moving to a new geographic market, expanding their client base in a new industry, adding a new product line or service division, investing in new technology or acquiring another company. At this point, they need to recruit outsiders for technical knowledge that is beyond their organization's wheelhouse, such as expertise with regulatory and international policy, supply chain, marketing or financing.