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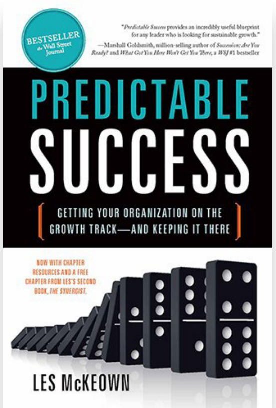

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Predictable Success

THE SUMMARY

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Introduction: What Predictable Success Is, and Why You Should Care

Predictable Success is a state reachable by any group of people—any organization, business, division, department, project, or team—in which they will consistently (and with relative ease) achieve their common goals. Those of us who manage groups of people want to get to Predictable Success for a simple reason. It's much easier to manage a group when you know how to be successful. Just as it's easier to manage a football team that already knows how to win, any group that knows how to succeed has a substantial competitive advantage over those that don't.

Managing an organization that is in any state other than Predictable Success is a trial of nerves. The organization may or may not be successful and even when it is successful, it's hard to tell why or to "capture" that success so that it can be repeated. If it is so much easier to run an organization when it is in Predictable Success, why do so few businesses, divisions, departments, projects, groups or teams ever get there? The reason is a bizarre but simple one. Nobody ever told us such a thing existed. Most of us were never told that success could be learned and replicated, understood and scaled, nurtured and sustained.

As a result, as business owners and managers we have developed a collective belief system that throbs along in the background while we work, telling us that business success will just "happen" eventually if we do the right things. This belief system persuades us that while success is there, it is out of reach, locked up in a vault, waiting for us to crack the

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code. If we put in enough work, if we spend each day trying different combinations on the lock, one day, if we're lucky or prescient, we'll guess right, the tumblers will fall, the safe door will swing open and success will be ours.

You don't need to experiment day in and day out to find out how to make your organization predictably successful. Organizations have been in existence for long enough, and in enough numbers, that the patterns of organizational success and failure are as clear as the night sky, if you know where to look.

PART 1: **TAKING THE JOURNEY: HAVING A MAP MEANS YOU KNOW WHERE YOU'RE GOING**

Chapter 1: Overview: What Predictable Success Looks Like from 30,000 Feet

Predictable Success is one of the seven stages of growth and decline through which every organization progresses. Not every organization makes it all the way through all seven stages. Predictable Success is the apex of the growth curve. The three stages before Predictable Success (Early Struggle, Fun and Whitewater) are growth stages. The stages after Predictable Success (Treadmill, The Big Rut and Death Rattle) are decline stages. There are three important things to note about the growth cycle:

Organizations cannot "jump" a stage. For example, it's not possible to move into Predictable Success directly from Fun bypassing Whitewater, no more than it's possible to jump from childhood to adulthood while bypassing puberty. Every organization trying to get to Predictable Success will move through Early Struggle, Fun and Whitewater at some point. However, by taking the right steps, it is possible to minimize the time spent in a specific stage.

Organizations can move back as well as forward in the growth cycle. For example, it is possible for an organization to cycle in and out of Whitewater and Fun a number of times. This is the fate of most organizations that do not take a planned approach to attaining Predictable Success.

It is possible for an organization to remain in Predictable Success indefinitely. By implementing the right strategies any organization, division, department, group or team can undergo a process of continuous rejuvenation, allowing it to stay in Predictable Success and not decline either back into Whitewater or forward into Treadmill. Any organization that is in Predictable Success exhibits five main characteristics that, taken together, distinguish it from organizations at other stages in the growth cycle:

• *Decision making:* The ability to readily make and consistently implement decisions.

• *Goal setting:* The ability to readily set and consistently achieve goals.

• *Alignment:* Structure, process and people are in harmony.

• *Accountability:* Employees become self-accountable, in addition to being externally accountable to others.

• *Ownership:* Employees take personal responsibility for their actions and outcomes.

Note that these characteristics are not "tidy" in that they don't all begin with the same letter or spell out an easy acronym. That's because Predictable Success isn't a "made up" theory—it's an intuitive, natural reflection of the way things really are in predictably successful organizations—and sometimes, reality just refuses to be neat and tidy.

Chapter 2: Early Struggle: Gasping for Cash, Finding a Market—Overcoming Gravity to Achieve Takeoff

Of all the stages in Predictable Success, the first, Early Struggle, is the easiest to define. It's a race to establish a viable market before the initial cash runs out. For the founders of any new business, it often seems as though there are a lot of unknowns including location, name, color scheme, logo, hiring, buying, which phone carrier, etc. These and a thousand other things, large and small, loom in the mist, demanding attention. The reality is that there are really only two unknowns that count:

1. Are there enough people out there who will buy your product or service at a profit?

2. Do you have enough fuel (cash) to pay the bills until you find them?

Early Struggle is essentially a race against time to swap dependence on externally generated cash (capital funding) with cash generated from profitable trading. Although it can vary considerably, for those businesses that successfully make it through Early Struggle, the phase generally lasts about three years, and looks something like this:

• Year 1: Get up and running, work out the operational details and establish a supply chain.

• Year 2: Prove the market, obtain a consistent flow of customers and get the pricing structure right.

• Year 3: Gain sustained traction in the marketplace and generate operational cash inflows that exceed outflows on a regular basis.

As you can readily deduce, there are three main variables that determine how long Early Struggle will last for your new venture: (1) how easily you can access external funding; (2) how quickly you can find a viable market for your product or service; and (3) how effective you are in using (1) to get you to (2).

If a business hits problems in any other stage of Predictable Success, it can always retrace its steps back to an earlier stage in development, regroup and prepare for another push. However, unlike the later stages on the path to Predictable Success, in Early Struggle there are no previous stages—so there's nowhere to go backward to. Only by facing and overcoming the challenge of Early Struggle can a new venture survive, move forward to its next stage of development and advance toward Predictable Success.

So the unique danger of Early Struggle is simple. The chances are high of not making it out the other end. If you do make it through Early Struggle, that's all that's required. It doesn't have to be pretty, it just has to happen. If you don't make it through Early Struggle, it's over—there's nothing else to do but to shut up shop and, if you're brave, try again another time.

My rule of thumb for years has been whatever your business plan says you need, triple it. It's a simple formula, and guess what? It works. Now that doesn't mean "giving away the shop" on day one as I'm not proposing that you trade equity for cash in every circumstance. But I do mean that if you have the opportunity to get hold of cash on reasonable terms, take it. If you end up with too much, you can always give some of it back. One of the most important reasons for securing ready access to external funding is simply so that you can focus on something much more important which is finding a viable market.

Believe it or not, a lot of businesses never make it out of Early Struggle because they concentrate too much on raising capital. It's important to remember that while raising external cash is a good and important exercise, it's not your ultimate goal. Your ultimate goal is viability and in Early Struggle that means focusing laser-like on finding a viable market for your goods and services. Throughout Early Struggle, keep your ultimate goal in the forefront of your mind at all times: Every dollar you spend should take you a step closer to finding a viable market for your product or service.

Chapter 3: Fun: Sell, Sell, Sell—Fast Growth and Early Success

In Fun, the chief focus of the business shifts from stabilizing cash flow and finding a market to selling. It's not that cash flow becomes unimportant—it's simply that in Fun, the business is making sales at such a rate, and has such relatively low costs, that the cash flow seems to look after itself.

The market has been identified during Early Struggle, so in Fun, the focus is all about mining the market. The newly energized organization seemingly can't help but find customers and converts, and the business grows rapidly. Fun is almost always accompanied by fast, customer-led growth. We've seen some of the reasons already—unleashed energy, positive cash flow and clarity about the market—but the other major contributing factor is simple statistics. The organization's market share is so small (usually close to zero at the beginning of Fun) that double-digit growth is easily attainable.

Everything in the organization is focused on sales. The sales function is primary, and everything else is a satellite activity with the one goal to do anything and everything that the sales function desires or needs. Management, such as it is, is hands-on and heavily sales and operations focused, with the owners actively involved in every major decision and activity.

This primacy of the sales function during Fun is not abnormal or unreasonable. It is as it should be during this stage in the organization's life cycle. During Fun, revenue from sales is like air to a mammal because without it, the organization cannot survive. In later developmental stages, the organization can afford to shift the focus from sales for a while and still survive. When in Fun, the organization has too thin an asset base to survive should it take its eye off selling for even a short time.

Consequently, it's not surprising that during Fun those salespeople who consistently deliver growing sales revenues, month in and month out, rise to the status of Big Dogs. The owner/manager(s) may well be Big Dogs themselves but at the very least the owner/manager(s) will intuitively recognize the vital importance of good salespeople if their business is to stay alive and grow during Fun. As a result, over time the Big Dogs increasingly move to the center of the organization's power base. They have the ready ear of the boss because they're in contact several times a day, discussing potential new business and existing deals; they are a natural source of advice and opinion should the owner/manager(s) want it; they control the lifeblood of the organization (revenue); and they are typically loyal and hard-working to a fault.

For the managers of a growing business, there is no perceived need to "get out of Fun." At this point in their experience, few owners or managers even think in such terms. Even if they studied the concept of organizational life cycles in business school, they don't think of the growth of their business as moving from one stage of organizational development to another. It's like fish in water. Just as a fish doesn't know it's in something called "water", few owners or managers are aware that they're in something called "Fun"—they're just going about their everyday business of running the company.

So to most owners and managers at this stage in development, growing the business is simply a matter of doing more of the same. "Let's do what we did yesterday, except let's do more of it." Growth is merely a form of arithmetic—one plus one equals two, and we want more than two, so let's keep adding until we reach ten or one hundred, or one thousand or whatever our goal is. Growth feels as though it is an organic, natural process.

For a while it is until, unavoidably, growth brings with it one other thing—complexity. The simple, transparent, turn-on-a-dime business that employed only ten people in the early days of Fun grows, first to twenty-five, then fifty, then one hundred people. Now there are layers of management. Communication slows down. Inaccuracies begin to happen. The boss can no longer see—let alone instantly fix—everything that is happening. One day, the unthinkable happens and a customer is let down.

At that point, everything begins very slowly to feel different. Gently at first, but discernibly, instead of the relatively smooth sailing that has been Fun so far, the business begins to rock little from side to side. More things begin to go wrong. More mistakes are made. People begin to grab the sides. Profits slide. Water starts to lap over into the boat. Before you know it, without even trying, you've been kicked out of Fun. Like it or not, you've just hit Whitewater.

Chapter 4: Whitewater: Why Isn't This Fun Anymore? Battling Complexity to Become Efficient

Whitewater comes as an unavoidable corollary of growth. As soon as the small, vibrant organization emerges from Early Struggle into Fun and starts to grow, it immediately begins to become more complex. More people are added, so decision making becomes more difficult. Lines of communication are less clear, making execution difficult also. Additionally, as the business's customer or client list grows, so does the long tail of legacy, or service, issues attached to each customer (something the "new" organization has never had to deal with before) until eventually, the organization is spending more time in dealing with the servicing of past sales than it is in getting or making new ones.

Larger organizations with systems and processes in place find this complexity easier to cope with. The whole purpose of systems and processes is to enable an organization to deal effectively with complexity. The problem is, our young growing organization doesn't have many—if any—processes or systems. It's on the way up, and so far, it hasn't needed any systems or processes; in fact, it sees them as a bad thing taking away flexibility. "Titles, or job descriptions, or rules or systems or processes would just get in our way."

As a result, the Whitewater stage—painful as it is—is often more prolonged than it needs to be, because senior management's natural reaction is to reject the systems and processes that are needed to get through Whitewater. Systems and processes have until now been anathema ("We're young, vibrant and creatively unstructured"), so they are now rejected as a solution to the problems caused by Whitewater. In fact, as we'll see, the right balance of systems and processes—not too few, not too many—is exactly what's required in order to get the business stabilized and take it out of Whitewater.

In order to stop the tidal wave of errors and mistakes that are crippling its growth and draining its profits, the organization needs to learn how to excel at everything else but sales. To stop (or at least drastically reduce) the delivery problems, the purchasing errors and the customer complaints (or whatever combination of operational difficulties the business is facing), the non-sales parts of the business need to receive the same sort of care and attention heretofore reserved almost solely for the sales function.

As a first step, there is usually a redesign of the organization chart. Up until now all the non-sales functions have existed as independent "satellites." Their only purpose has been to service the wants and needs of the sales function. The organization's main focus has been on the care and feeding of the sales function, and everything else has been subordinated to that. So the first step in retooling the non-sales functions is to consolidate most or all of these functions into a division or department of their own.

At this point in the organization's development there is more angst, tension and infighting than at any time previously. Functional groups hunker down in their silos, act in an increasingly insular manner and hoard information. Issues increasingly fall between the cracks. Distrust and paranoia grow between the sales and ops functions.

In this atmosphere there is one striking difference between the two sides and that is access to power. The sales function has its Big Dogs who through their loyalty and derring-do helped build the business in the early days, and who are an integral part of the myths and legends of the organization. They have their sweat equity, and through that, access to the center of power—the ear of the founder, owner or senior management.

The ops function, on the other hand, is brand-new and has no sweat equity, and consequently has an entirely different type of access. While they may meet formally or informally with management, the senior ops staff typically doesn't have the bonds built by a strong prior relationship, and is therefore in a weaker position to influence decisions.

The sales function can use its Big Dogs to mount a strong lobbying campaign in the sales versus ops battle. This gives sales staff an often insurmountable edge, as they whisper to management, "Look at the mess all these systems and processes have gotten us into." "I can't get to see customers anymore, with all the paperwork and the meetings I'm now expected to attend." "Remember how simple it used to be—and how profitable we were then?" "These ops folks just don't get it—none of them has ever made a sale in their life." Guess what the Big Dogs would like to see happen? A return to Fun and most specifically, a return to the sales-centric organization chart. Back to the time when sales snapped its finger and everyone else jumped.

Here's the catch: as soon as the organization simplifies itself and returns to Fun, the sales function once more flourishes, and the business immediately starts to grow again. As a result of the growth, complexity begins to creep back in, and history repeats itself. Whitewater begins once more. This time, management is older and wiser, so it chooses "better" people and manages the process more intimately, but lo and behold, with the same sales versus ops problem, as each retreat into their dysfunctional silos.

Sometimes an organization can go through this cycle many times, each time trying some different way to introduce systems and processes that will manage the complexities of growth, and each time meeting with the same resistance, the same intransigence, the same Whitewater. As a result, some owners decide to stop trying to beat Whitewater altogether and instead permanently cap the growth of their business to let them stay firmly in Fun, resisting the temptation to go beyond the revenue or staffing levels that cause Whitewater—a dynamic often called the Founder's Dilemma. Many excellent businesses (and most successful mom-and-pop operations) have made this decision, and if managed correctly, they can live on to enjoy Fun indefinitely.

But what of the founder or management team that doesn't want to cap growth? Are they destined to suffer the dysfunctions of Whitewater indefinitely? Clearly not—many organizations make it out of Whitewater and into Predictable Success. So, what is the secret of getting out of Whitewater? The answer lies in creating the right organization structure—building an underlying foundation for success by providing the right framework for people to work within.

Specifically, the organization structure required to move a business out of Whitewater and into Predictable Success is one in which the no man's land between sales and operations is extinguished. It usually looks something like what I call a "Catcher's Mitt". Here, rather than having sales and operations as disconnected islands with a gaping void between them, the two functions, though clearly identifiably separate, are linked together. This brings with it two major benefits for the organization:

- There are no cracks for issues and problems to "fall between"—within this organization structure, everything gets "caught" somewhere.

- There is a clear "line of sight" between all parts of the organization, making it much harder for insular silos to form.

Moving right way to the Catcher's Mitt is almost inconceivable for most management teams coming out of Fun.

Chapter 5: Predictable Success: Achieving Perfect Balance—Succeed, Learn, Repeat

The transition from Whitewater to Predictable Success is achieved by introducing and maintaining the right amount of systems and processes necessary to tame complexity, while at the same time holding in balance the entrepreneurial zeal, creativity and risk taking that have grown the business to this point. The definition of an organization in Predictable Success is that it has the ability to readily set and consistently achieve its goals. In fact, at no other stage in its development will the organization be more in control of its own destiny. When an organization reaches Predictable Success, it is at the point of maximum self-determination.

This is not to say that it has reached a state of error-free perfection. Just like any other complex entity, the Predictable Success organization is far from perfect. It will make mistakes, hit roadblocks and be just as exposed to the impact of external events beyond its control as any other organization. The difference is in how the Predictable Success organization responds to those difficulties. When an organization in Predictable Success does hit problems, either external or internal, it responds in a manner that is unique to this stage in development. It maturely assesses the impact of the problem, decides on the optimal response, executes that response with minimal drama, and swiftly returns its focus to its underlying priorities and goals.

Predictable Success

Put another way, Predictable Success is that stage in development where the organization is most at ease with itself, is most assured of its identity and purpose, and executes its business with the self-confidence and fluidity of an athlete at the top of his or her game. When in Predictable Success, organizations exhibit what the prolific psychology professor Mihaly Csikszentmihalyi calls "flow, "a confluence of enjoyment, creativity, precision and total involvement that produces outstanding results.

Theoretically, once it has arrived at Predictable Success, there is no reason why an organization should not stay there, continuing to "be like water," exhibiting flow and producing outstanding results indefinitely. Yet while many organizations do stay in Predictable Success for extended periods of time, experience demonstrates that most eventually either become over dependent on systems and processes (and hence slide forward into Treadmill), or lose the discipline of enforcing those same systems and processes, causing the organization to slide back into Whitewater.

The reason for this is that staying in Predictable Success is hard work. Despite its seeming ease, the flow that Predictable Success organizations demonstrate outwardly is not achieved lightly. In fact, being in Predictable Success is a great example of something that looks easy on the surface, but is considerably more complicated behind the scenes. While to an outside observer the management of an organization in Predictable Success may appear as simple as putting one foot in front of another, in truth, just as with the act of walking, there is a lot going on beneath the surface.

At the core of Predictable Success is an ever-present, ever-shifting tension that holds two competing but equally necessary forces in a fine balance. On the one hand are the creativity, drive, initiative and entrepreneurial spirit that give the organization its vision, and on the other are the precise and mundane systems and processes that bring scalability, consistency and profitability. These two forces must co-exist in the right proportions to maintain an organization in the state of Predictable Success. If on the one hand creativity and entrepreneurial zeal dominate and drive out the systems and processes, the organization will slide back down to Whitewater. Alternatively, if the bean counters take over, and systems and processes begin to squeeze out initiative and risk taking, then the organization will slide forward into Treadmill.

For management, holding this tension in balance is rather like steering a sailboat. Due to tides and winds, it doesn't work to simply point the boat toward a desired location and then sit back and enjoy the view. The destination can be reached only by constantly making adjustments, tacking the boat back and forth. So it is with the Predictable Success organization. It stays in Predictable Success only so long as the right adjustments are being made in the constantly shifting balance between entrepreneurial fervor and administrative precision.

This means that in Predictable Success there can be no acceptance of the status quo. Any sense that the organization has "arrived" and can relax or rest on its laurels is fatal to the organization's continuance in Predictable Success. Changes in the market environment, in personnel, in the supply chain, in legislation, in technology and in a hundred other areas occur daily—sometimes hourly—and the Predictable Success organization must react to those changes by constantly adjusting and readjusting the intricate and delicate balance between creativity and systems, and between vision and process.

Chapter 6: Treadmill: Working Hard, Going nowhere—the Over managed Organization

In Treadmill, systems and process turn inward, and instead of protecting creativity and risk taking begin, like a malevolent creature in a bad horror movie, to wrap their tendrils around the organization's vision and entrepreneurial zeal, and slowly choke it to death. The slow choking of creativity and risktaking during Treadmill has many effects on the organization, but three are particularly impactful:

The loss of innovation. In Treadmill, it becomes easier to copy than innovate. As the tendrils of systems and processes choke the organization's vision and entrepreneurial zeal, "best practices" and "benchmarking" replace creativity and risk taking. New ideas are frowned upon (because they disrupt the incumbent systems and processes), and instead the organization imports the practices and ideas of other, similar organizations that are similarly in Treadmill.

The loss of "step growth." In Treadmill the ability to innovate is lost, replaced by imitation. Taken together, this loss of innovation, the sheer complexity of getting things done, the loss of creativity and risk taking, and the relentless focus on iterative, incremental change mean that it becomes almost impossible for the business to deliver significant step growth. Even when faced with an external challenge, the organization in Treadmill cannot respond transformationally and must instead endeavor to make its way out of the situation incrementally.

The suppression of bad news. When an organization is in Treadmill, compliance with process becomes absolute. The budgetary process is no exception and in fact, it is often the most prominent process for which compliance is required. "Hitting the numbers" is not optional, and a culture develops of "don't bring me any surprises."

As a result, "surprises" (anything that is a deviation from the norm, a negative result or bad news of any sort) are suppressed. If you've been told not to bring bad news, well…you don't bring bad news. This symptom of Treadmill is highly dangerous because if it is not corrected it will be the leading cause of the organization's further decline into The Big Rut.

Taken together, these attributes doom the organization to mere mediocrity. No longer is it capable of the "Wow!" effect. It can no longer achieve anything spectacular or thrilling and can no longer post double-digit growth as a result of controlled innovation and risk taking. Instead, it works and works its systems, polishing and burnishing incremental improvements, eking out marginal growth, one painful, small step at a time.

It is true that if managed correctly, the business is only one step away from moving back to Predictable Success. If managed incorrectly, the organization will slide into The Big Rut, at which point it loses the power to self-diagnose its condition, and it will be locked into an inevitable decline into Death Rattle and oblivion.

Chapter 7: The Big Rut: In the Organizational Comfort Zone—Rearranging the Deck Chairs

Once it reaches this stage in development, the organization has lost any desire to be creative or take risks, and is instead solely focused on maintaining and marginally improving how it has done business in the past. When in The Big Rut, there is a belief on the part of management that "the way we've always done things" is the main contributing factor to the organization's success, and that changes should not be made to existing formulae, systems and processes.

The key focus of the organization in The Big Rut is itself, not the customer. Customers are viewed as distractions at worst, and at best as uninformed and in need of being told what's best for them. Internal matters, such as job titles, car parking spaces, size of offices and management perks, are all viewed as having more importance than pleasing the customer. Organizations in The Big Rut tend to have a paternalistic—even at times condescending—attitude toward both customers and suppliers, and as they often have a monopolistic position in their markets they can afford to maintain such an attitude with impunity.

Although it is by far the most dangerous stage in any organization's development, falling into The Big Rut happens with deceptive ease. It's a result simply of staying in Treadmill. Hang around in Treadmill for too long, and a number of important changes begin to occur that, taken together, push the organization into The Big Rut.

Key personnel leave. When the organization first moves from Predictable Success to Treadmill, it takes with it all the key personnel who have together built the organization's success. This includes the visionary risk takers and creative zealots as well as the administrators and systematizers, who together developed the delicate balance required in Predictable Success.

Creativity, risk taking, vision and zeal all die. Eventually, all the creativity and vision are squeezed out of the organization. Initiative and risk taking are actively discouraged, and compliance and consistency are rewarded. Decision making becomes a lengthy, tortuous, formulaic process, and as a result, apart from the annual budgeting process, most people elect to avoid anything that will involve extracting a decision from management.

Interest in the customer is replaced by navel-gazing. As the organization loses interest in innovation and risk taking, it also loses its original vision, which in turn leads to a loss of interest in the customer.

Frustration is replaced by complacency. In Treadmill, the organization's salvation lies in the frustration of senior managers who want to change the direction in which the organization is going, reverse course and return to Predictable Success. In The Big Rut, management becomes comfortable with where the organization is headed, happy with their lot in life and complacent about the future. It is this complacency that defines The Big Rut and that makes the next stage—a slide into Death Rattle and oblivion—almost inevitable.

Getting out of The Big Rut is exceptionally rare. Most organizations that fall into it never get out. The main reason for this is in the complacency with which management views the situation. They either cannot or don't want to see the dire straits the company is in.

Chapter 8: Death Rattle: Going Quietly into That Good Night

No matter how well funded an organization is, how monopolistic its hold on the market is or how well paid its executives are, sooner or later, time will run out for an organization in The Big Rut. It may happen within months or it may take some time but absent the type of violent intervention, at some point it will run out of resources, it will become technologically irrelevant, or the market will move away.

As the organization's options slowly run out, eventually Death Rattle takes hold, and after a brief paroxysm of frenzied activity (lawyers are called, turnaround agents are fruitlessly consulted, bankers issue ultimatums and fresh cash reserves are frantically sought) the organization ceases to exist in any meaningful way. Technically, this usually happens through a fire sale of the company, or liquidation through bankruptcy.

PART 2: **ARRIVAL: GETTING TO PREDICTABLE SUCCESS—AND STAYING THERE**

Chapter 9: Almost There: Breaking Through Whitewater into Predictable Success

An organization will move from Whitewater into Predictable Success only when management recognizes (and acts on) the need to implement those systems and processes that will enable the organization to first stabilize, then scale its operations efficiently. Which systems and processes should management focus on? Faced with the tangled complexity of an organization in Whitewater, where is it best to begin? Which systems and processes will most accelerate the path from Whitewater to Predictable Success? Equally importantly, how does an organization know when to stop, in order to avoid pushing too far and moving into Treadmill?

To identify those systems and processes needed to get the organization out of Whitewater, we need to answer this question: When it arrives, what does complexity actually change? Put another way, in its day-to-day operations, how does the management of a complex organization vary, compared to that of a simpler organization? The answer will be decision making. Making and executing decisions is much harder in a complex organization than it is in a simple one.

So, to get out of Whitewater and into Predictable Success, the key systems and processes that management must implement are those that will provide a new structure for making and implementing decisions. It must have a decision-making structure that is capable of mastering the new complexities of the organization. This calls first for management to acknowledge that the freewheeling, intuitive decision-making process of Fun cannot produce consistently effective results for the larger, more complex organization now in Whitewater. Management's challenge is to build a new, systematic process for making decisions. It must not be a process that is staid, rigid and bureaucratic, but one that embraces the vision, enthusiasm, creativity, risk taking and entrepreneurial zeal that have propelled the organization's growth.

To build this new decision-making structure and process, management must achieve no less than a top-to-bottom reshaping of the organization, turning it from a personalized outward expression of the founder/owners into a highly effective organism in its own right that can operate independently of the founder/owners, an organization that is in itself a machine for decision making. To achieve this, there are six primary areas into which systems and processes must be introduced to change how the organization makes decisions:

- First, it must redesign its organization chart into a machine for decision making.
- Second, managers must learn to relate laterally—to each other—in addition to retaining their existing "vertical" relationships to their boss and their direct reports.
- Third, the newly aligned managers must push alignment down through the whole organization, renewing and invigorating their employees' understanding of and commitment to the organization's mission, vision and values.
- Fourth, management must implement and enforce cross-functional decision making throughout the organization.
- Fifth, the groups that are working cross-functionally must (over time) be empowered to assume more delegated authority and responsibility.
- Sixth, and finally, ownership and self-accountability will spontaneously re-emerge in the workforce as a result of the first five steps, providing the final push into Predictable Success.

There will be managers and employees opposed to each of the six steps, and management may need to consider if these individuals can remain with the organization if it is to get to Predictable Success.

Chapter 10: What to Do When You've Overshot: Recovering from Treadmill

Just as getting out of Whitewater required management to build systems and processes for effective decision making, so getting out of Treadmill will require management to build systems and processes around its people. In doing so management will restore the balance required for the organization to return to Predictable Success. This is the balance between systems and vision, process and creativity, and form and function that is lost in Treadmill.

To understand why adding yet more systems and processes around people restores the balance in the organization and returns it to Predictable Success (rather than driving it deeper into Treadmill, as one would expect), we need to look a little more closely under the hood at what actually happens when the organization is pushed into Treadmill in the first place.

The reason the organization declines into Treadmill is not because of the over reliance on systems and processes per se; it is because of the resulting loss of knowledge, ability and flexibility on the part of the users of those systems and processes—the organization's employees. It is what the over reliance on systems and processes does to people that is the key factor in Treadmill, not the existence of systems and processes in and of themselves.

So, once in Predictable Success, as the people in the organization slowly begin to depend more and more on systems and processes, so the creeping tendrils of those same systems and process slowly begin to choke the creativity, the innovation and the entrepreneurial, visionary, risk taking lifeblood out of the organization, and it begins its inexorable slide into Treadmill.

The answer is not in dismantling the existing systems and processes which would simply drive the organization straight back to Whitewater. The answer is to change the way in which the employees use those systems and processes. Counter-intuitively, management needs to put in place new systems and processes to motivate, prompt, inspire and equip its people to use existing systems and processes correctly. Put simply, it is by using systems and processes to change how your people use systems and processes that you will halt and reverse the slide into Treadmill, and make it back to Predictable Success.

These new, dynamic systems and processes that will counter-balance the more rigorous, mechanical systems and processes introduced in Whitewater are specifically required in six areas.

- First, it must redesign its hiring process to ensure that it is hiring only those who will contribute to a return to Predictable Success, not those who will keep the organization in Treadmill.

- Second, the way in which employees are deployed must be changed to shake the organization out of its overdependence on systems and processes.

- Third, the performance assessment process must be revamped to focus on development and success, rather than on failure and compliance.

• Fourth, the corporate training function must be turned from an information delivery vehicle into a dynamic dialogue of exploration into how and why to do things better.

• Fifth, mentoring and coaching programs must be relieved of over-management and freed to allow experimentation and exploration of skills and attributes.

• Sixth, as a result of the first five steps, ownership and self-accountability will be redirected away from a focus on compliance and activity levels and toward outputs and real results, providing the final push back to Predictable Success.

Chapter 11: Staying at the Peak: maintaining Predictable Success Once You Get There

In theory, there is no reason why an organization should not remain in Predictable Success for a very long time. So long as management is flexible and alert to the ever-changing shifts in emphasis needed to keep the balance between systems and processes on the one hand, and vision, entrepreneurial zeal and risk taking on the other, the organization can remain in Predictable Success indefinitely.

Keeping the organization in Predictable Success involves first installing, then actively maintaining the systems and processes outlined in the previous two chapters. The two sets of systems and processes are complementary, together creating a constructive tension in the way the organization works—adhering to systems, but also encouraging individual initiative and focusing on results, not just activity levels. Taken together, they result in a strong, vibrant culture of results-focused ownership and self-accountability throughout the organization, which is the lynchpin of Predictable Success.

For the organization to maintain its position in Predictable Success over the long-term, one more thing needs to be accomplished. The organization must develop its own innate ability to innovate and take risks. The reason this is important is that unless innovation and risk taking are part of how the organization thinks and acts on a daily basis—it will be vulnerable to the loss of its entrepreneurial, visionary zeal at any time should the key individual(s) who embody those attributes choose to leave.

Now of course, the reality is that an "organization" cannot develop innate skills on its own as the organization is an inanimate object. What we're really talking about is driving the ability to innovate and take appropriate risk down into the organization through its people. In other words, rather than viewing innovation and risk taking exercised by only the chosen few, management instead turns the ability to innovate and take appropriate risks into skills practiced by the work force as a whole.

Now we have completed the three phases necessary to build an organization that gets to—and stays in—Predictable Success. The first is installing the decision-making systems and processes necessary to move the organization out of Whitewater and into Predictable Success. Second, installing the "people" systems and processes needed to bring the organization back out of Treadmill and once more into Predictable Success. Third, taking the time to institutionalize innovation and risk taking throughout the organization.

As we've seen so often previously, the lynchpin of the entire framework comes down to personal ownership and self-accountability throughout the organization. The goal is to develop engaged, empowered individuals and teams who hold themselves accountable for delivering real results, and who exercise structured creativity, innovation and risk-taking to achieve their goals, which are also your goals.