

## Jim's Profit Accelerator 34: Cascading Excellence

A transmission is essential for any powered vehicle: car, truck, locomotive, boat, you get the idea. It moves power from the engine to the wheels (or propeller) to create forward movement. Organizations work the same way, with the same limits: if your engine (strategy) is bigger than your transmission (execution), there's heat and noise, but little movement.

**SPEED BUMP:** Construct "gears" in your organization, to right-size its components.

Translation: Size matters for your folks who bring your big idea to life. This means knowing and implementing optimal sizes of business units and work groups.

When a company grows past about 20 people (meaning you can't watch everyone anymore), intensive communication is essential, but not for the reason that you think. Once a work group exceeds about 9 people, the time and energy that it takes to maintain social bonds corrupts both quality and output from the group.<sup>1</sup> Those social bonds aren't "playing"—they are the glue that holds a team together through the tough times that lead to great success.

When you grow the organization beyond about 200 people, both leader and employees sink into cognitive mud, the "fire hose" reported by those in a high-change organization.<sup>2</sup> A recent study of 1.7 million Twitter uses confirms this rubric: Online connections were successfully maintained with 100 to 200 people. Beyond that size, disintegration occurred.<sup>3</sup> The clearest explanation for this limit is "cognitive overload," or the fire hose that often washes good leaders aside in distraction.

In my experience a close look at successful larger firms discloses "action units" of 200 people or less, with shared goals and information. In larger organizations, calling for an "extra push" doesn't work: Adrenalin (the thrill of the chase) has a limited life, and the hangover can pull even a great team underwater. This complexity strangles good execution in a flood of water-cooler truth that's wandered far from home.

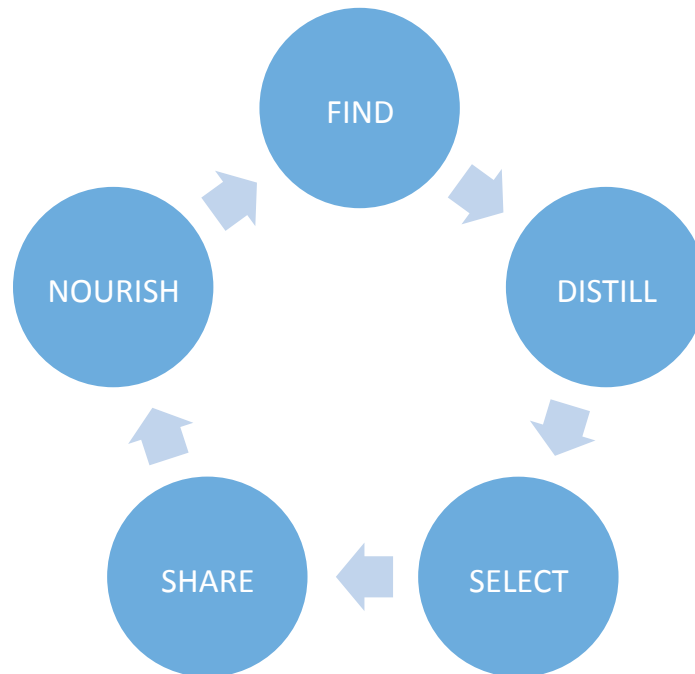
Great businesses pick up the thread differently. Instead, after framing a good strategy, they grow "Cascading Excellence" like a rare farm crop. Winemakers borrow this technique, grafting winning vines onto their vineyard stock to upgrade their grapes.

**SPEED BUMP:** To cascade excellence, you must spot it first.

Cascading Excellence in a nutshell:

1. Find a small center of excellence, where an essential is expertly done.
2. Distill the core of its power.

3. Select a starter team to learn it.
4. Share it relentlessly across your farm or firm.
5. Nourish teams and people who do this.

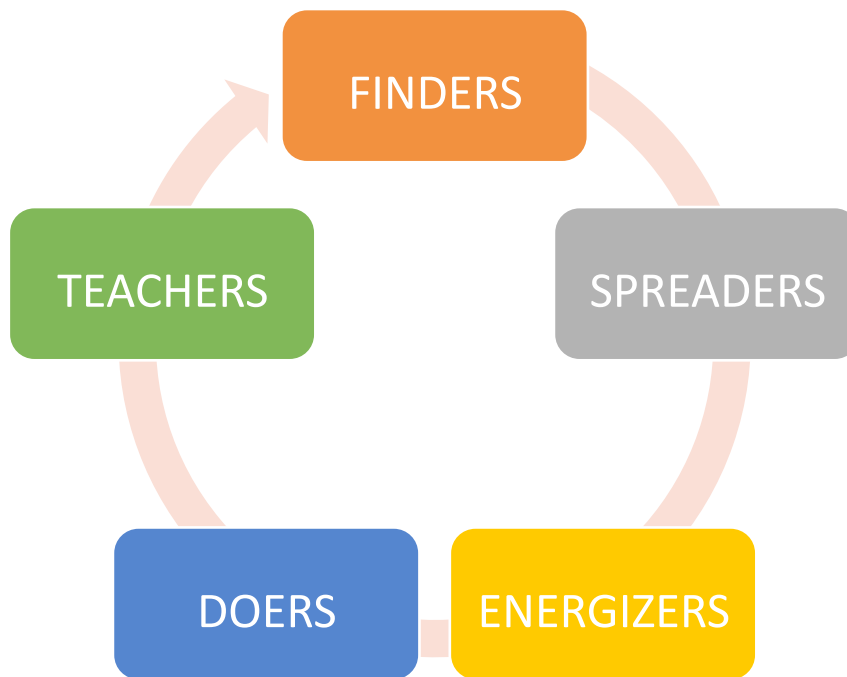


Businesses learn to go faster by shifting the focus to the key people who will bring this secret alive:

1. **Finders:** Often your best supervisors, especially those who can see the process details that drive great outcome.
2. **Spreaders:** Selected leaders at every level of your organization, gifted at matching process details with leaders who will embrace them: *"Let's try this. I'll help you."*
3. **Energizers:** Team leaders or their supervisors who are excellent at encouraging the struggle to learn new details, and improve them. Successful firms have energizers buzzing in all its teams, boosting performance and morale.<sup>4</sup> A quick question and rating system will help you find the energizers among your employees: *When you interact with this person, how does it affect your energy level? (1=De-energizing; 2=No effect; 3=Energizing)*. Limit your energizers to those scoring a 3.
4. **Doers:** Folks who love to try a new thing, and who love to get their hands on it, like a dentist picking up a hand piece to see what she can do with the latest puzzle. These people will fail through to success, and love it.
5. **Teachers:** Usually a subset of doers who like to teach and are good at it. They are patient impatient folks with these skills, at least:

- Listener
- Observer
- Prefer to see someone else do it than just do it themselves
- Encourager

To find the teachers, ask your best operations person who they are. He or she will know. Then ask those teachers who the other teachers are. Your people know who are the teachers, just ask them.



**ACCELERANT:** What bit of excellence will drive development of your cascade system?

Call me.

1 J. Richard Hackman in HBS Working Knowledge, 2002.

2 Malcolm Gladwell, *The Tipping Point*, 2002

3 Goncalves, *et. al.*, *Bulletin of the American Physical Society*, 2012

4 Cross & Parker, *The Hidden Power of Social Networks*, 2004

For more information, visit [www.grewco.com](http://www.grewco.com).

Jim Grew is an expert in CEO-level strategy and executive leadership whose clients refer to him as the Business Defogger and Accelerator. Jim helps leaders swiftly discover the hidden opportunities within their businesses and exploit them for dramatic results. Nearly three decades of success as a COO and CEO coupled with his experience running nine thriving businesses provide the foundation for his consulting work as president of the Grew Company. He presents regularly to industry groups, mentors business leaders, and shares insights on his blog, BizBursts.com: <http://bizbursts.com/>. He holds BA and MBA degrees from Stanford University.

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