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## ***Common Pitfalls on the Road to Growth***

*An Excerpt from  
Leading at the Speed of Growth*

*by Katherine Catlin & Jana Matthews*



**CATLIN & COOKMAN GROUP**

*Mastering the Art of Corporate Growth*

*You've built your organization, hired awesome people, and used your strengths to find the best solutions to create new possibilities. You've moved your company from Initial Growth through Rapid Growth and now you're cruising in Continuous Growth. Each stage has required leadership transitions, no easy task for even the most talented leader. The following are pitfalls and mistakes that entrepreneurs we know have identified as the most common roadblocks they encountered as they worked to build their companies.*

**1. Not knowing what to expect.** Never having grown a company before, many entrepreneurs are unaware of the need for change. Many admitted to being clueless and wished they had made changes like hiring, financing, and building infrastructure much sooner. After hitting a wall when they had to take action reactively, they learned that these particular crises are not always necessary.

**2. Thinking difficult issues are “just part of normal growing pains” and therefore unavoidable.** Some problems do, in fact, fit into that category, but many don't. Assuming that certain traumas can't be avoided is a very tough and very expensive way to learn! One common pitfall of this type is the belief that you just have to live with such problems as personality differences, team conflicts, or attitude problems. It's important to be creative in finding solutions to these seemingly impossible issues.

**3. Thinking what you've done in the past will lead to success in the future.** The “typical” entrepreneur is seen as a “seat of the pants,” “wing-it,” “multi-priority,” “always doing new things” kind of leader who manages for the present, not the future, changes direction at the drop of a hat, chases any and all opportunities, and doesn't trust others to make decisions. These traits can all help a leader succeed in the early stages of Initial Growth, but not breaking these habits is very dangerous as the company grows. Because they are the habits that have led to initial success, they are especially hard to break. It's hard to fathom that the very behavior that contributed to your

success at one stage can cause you to stall out or fail at the next.

**4. Being unaware of how others perceive you.**

A fatal flaw of any leader is being blind to how others see you. The people around you, both inside and outside the company, can see your strengths and weaknesses, and have ideas for how you could change to be more effective. Your classic entrepreneurial strengths may even become your biggest weaknesses if people perceive your actions are off base or destructive. It's a terrible irony that many entrepreneurs are unaware that they are seen as being the tyrannical autocrats they have always disliked themselves. Blind leaders de-motivate people, stifle innovation, and dramatically limit a company's growth potential.

**5. Not listening.** Many entrepreneurs have a hard time balancing their own self-confidence with the willingness to listen to - and incorporate - others' perspectives, feedback, ideas, and visions. Unless this input can be integrated into the entrepreneur's decisions, plans, and actions, the company cannot grow beyond the scope of one individual's capacity.

**6. Not focusing the company.** Lack of clarity about direction, priorities, targeted opportunities, expectations, and values leads to confusion and lots of wheel spinning without solid results. Related to this is not keeping people focused on how to link their decisions and activities to meet key customer and target market needs. This pitfall is common when entrepreneurs change their minds too often, articulate too many priorities, and unsuccessfully try to serve every whim of shareholders, employees, customers, suppliers, analysts, and other constituencies.

**7. Not communicating enough.** Many entrepreneurs are not good communicators and keep people in the dark about vision, plans, and decisions. Often, they think they have communicated enough when in fact they haven't. This pitfall arises from not making vision and alignment the number one priority of leadership.

**8. Not managing new hires appropriately.** Many entrepreneurs hire people



for their skills, but mismanage and stifle their potential. You need to delegate appropriately but there is another pitfall in giving new hires free rein too early. Before you let new hires operate independently, be sure they learn and practice the values that are important to you, and operate in sync with the company's culture. If instead they follow the culture of their past companies, their activities may not fit the company you're growing. This phenomenon is usually totally unintentional, and is especially apparent when many people are hired quickly.

To avoid this pitfall, work collaboratively with new hires – especially new members of your senior team -- to integrate them into the culture. Teach them “the way we do things around here.” Discuss your expectations for their goals and activities, coach them on operating with the team, listen to their observations and ideas, and hold them accountable for results, team interactions, and the behaviors you want. Once they're fully integrated and you trust them to make decisions and take action appropriately, you can give them the freedom to be independent and entrepreneurial.

**9. Not making the tough decisions.** Leaders have many difficult responsibilities. Even when they know what the decision has to be, many entrepreneurs procrastinate, especially when the issue involves holding people accountable who are not performing or

who don't fit their roles and therefore must be moved around or out. Other tough issues occur when changes must be made to enable the company to move to a new level, but the risks of those decisions are perceived as too large to take. Trying to hold on and continue the current path to avoid these risks, rather than engaging your team in planning for reinvention, can seriously delay the company's growth.

**10. Not adding new skills to the entrepreneurial repertoire.** The success of the company is all about good leadership and learning to fully maximize your leadership capacity. If you're not learning, you can't change and the company cannot grow.

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## Catlin & Cookman Group: Corporate Profile

### *Building a Community of CEOs Who Are Growing Great Companies*

In today's fast-paced world, CEOs have the toughest job of all. While it's both exciting and rewarding, it can also be extraordinarily challenging. Where do CEOs turn for guidance? Since 1989, CEOs of emerging-growth companies have come to the Catlin & Cookman Group for our unique expertise and resources – proven methods and frameworks to plan for and manage growth and change. Our sole focus on the CEO experience sets us apart, and the highly targeted resources we offer – CEO forums, consulting processes and practical tools – are developed exclusively for CEOs who are committed to growing great companies.

#### **High-Growth CEO Forums™**

More than ever, CEOs need a group of peer advisors to help grapple with issues they can't discuss with their teams or Boards. Our unique Forums are tightly-knit groups of CEOs from similar stage companies who meet quarterly to discuss their business challenges, advise each other about critical decisions, and develop best practices for managing growth. Our focus on customizing agendas to address members' real-time, bottom-line issues keeps the group accountable and the payback measurable. And, through our licensed partners, we are growing the number of High-Growth CEO Forums worldwide, creating a powerful, wide-reaching community of over 70 venture-backed CEOs.

#### **High-Growth Consulting**

To succeed, CEOs must create a shared vision and strategy with the executive team – and then execute ... flawlessly. We work closely with CEOs to define their strategic vision and annual plans, build and align executive teams, and create the organizational design, operating system and culture for impeccable execution. Our systematic, proven frameworks for growth deliver measurable results.

***Building the Profit Spiral®** Our foundation framework. Uncovers impediments to growth and helps CEOs and their executive teams create and implement strategic plans that include market focus, mission, values, vision, strategies, structure and culture — and an operating system to make sure the plan works. The result is the path to extraordinary growth.*

***Building the Executive Team as Leaders of Growth®** Defines the key responsibilities of the executives beyond their functional roles and develops a highly-focused and exceptionally strong team capable of leading the company to successful growth, breakthrough innovation and maximized profits.*

***Building the Awesome Organization.** Drives the strategic plan down into the organization – ensures that the critical metrics, operating processes, culture and activity alignment exist to execute the plan.*

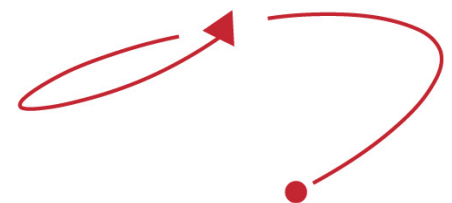
#### **Thought Leadership**

Our deep understanding of the high-growth CEO experience is reflected in our books, articles and seminars – and on our website, [www.ceoexchange.com](http://www.ceoexchange.com).

***Books:** **Leading at the Speed of Growth: Journey from Entrepreneur to CEO** (Wiley, 2001) and **Building the Awesome Organization** (Wiley, 2002) by Founder Katherine Catlin and Jana Matthews.*

***Seminars and Speaking Engagements:** “Growing Your Company: The CEO's Challenge,” a two-year, 7-part series for the Massachusetts Software Council, “The New Breed of Leader” at the Future Forward Conference, “Planning Bootcamp,” and many other engagements.*

**Clients Include:** Anaqua, Antenna Software, aPriori, Authentica, Authoria, Avotus, Bluespec, Circles, Concord Communications, Constant Contact, e-Dialog, Empirix, eRoom Technology, Experience, I-Logix, Inmagic, iRobot, LiveVault, PeopleCube, Monster.com, mValent, OneSource Information Services, PanGo Networks, Pantero, Soundbite, Steelpoint Technologies, The MathWorks, VFA, Sevin Rosen Funds, Polaris Venture Partners, and North Bridge Venture Partners



# The Bottom-Line Impact Experienced by our Clients

## High-Growth CEO Forums™

“The job of the CEO is inherently and unapologetically isolating. The High-Growth CEO Forum offers a refreshingly honest and sincere source of support and advice from peers who live on similar quarterdecks. Its format and strong facilitation differentiate it from other groups I have seen. The Forum is one of the most effective feedback and personal development mechanisms available to a CEO. It has made me a more effective leader and a happier, more balanced human being.”

*Colin Angle, CEO of iRobot which had a successful IPO in November 2005 establishing a market cap over \$700 million. He was also E&Y Entrepreneur of the Year winner in 2003.*

"I am a strong advocate for the CEO Forum. I grew and sold my last company for 5X more than it was worth when I started as CEO. There is no way I could have done that without the Forum. The quality of the people and input I got from them along the way was invaluable. We are all dealing with the same issues, just different context and timeframes. As you know, a CEO's biggest challenge is prioritizing – especially his/her time. The fact that most of this team never misses a meeting speaks volumes about the value proposition! As an aside, my current company is less than a year old and our last round post money was already 5X the first!"

*Paul DiGiammarino, President & CEO of Anaqua. After a successful exit, Paul is again a Forum member.*

“The Catlin & Cookman Group community was my most valued sounding board when I was CEO of eRoom – no other constituency could offer the direct, trusted and knowledgeable feedback a CEO needs when in the line of fire. Not the board, not my management team and certainly not my spouse. The CEO Forum provided me the opportunity to step back from the trees, reassess my long-term vision and strategy and gain clarity on often difficult and complex issues – and over time I built some fabulous friendships.”

*Jeffrey Beir, former CEO eRoom Technology, and currently General Partner, North Bridge Venture Partners. Jeffrey was an E&Y Entrepreneur of the Year winner in 2003*

“The Catlin & Cookman Group’s High-Growth CEO Forum was a major contributor to giving me the ideas and inspiration as an entrepreneurial CEO that led to winning the Entrepreneur of the Year Award.”

*Dan Schimmel, former CEO of OneSource Information Services and an E&Y Entrepreneur of the Year winner in 2001.*

“Given my scars and collective experiences, I would have thought that by now there would be nothing I could learn from a group such as this, but I am amazed at the insights I get from experienced and even newly appointed CEO's... I don't recall ever making a similar endorsement.”

*Gene Robinson, CEO of I-Logix, Inc*

## High-Growth Consulting

“I’ve always been an entrepreneur, and one of the things I learned early on was that I couldn’t get any synergy in my business until I had a group of people working as entrepreneurs together. We have that now at Monster.com as a result of our work with the Catlin & Cookman Group, and we also have a plan in place that will guide our future growth while helping us preserve our unique culture even as we add more and more employees here and around the world.”

*Jeff Taylor, Founder and Chief Monster, Monster.com*

"The Catlin & Cookman Group has been an invaluable partner for Authoria - amazing people and processes for providing insight and peer-review, and for driving powerful ideas into action."

*Tod Loofbourrow, CEO of Authoria Inc.*

“When facing a difficult issue on my management team, or for the company as a whole, a quick call to my Catlin & Cookman Group consultant always provides an enlightened and unbiased point of view that helps bring clarity to the decision that must be made. I consider the Catlin & Cookman Group to be a vital member of my team.”

*John Rizzi, CEO of e-Dialog*

