

# 4 SIGNS IT'S TIME FOR YOUR STARTUP TO GROW UP

By Robert Sher



Leading a mid-sized business is fundamentally different than leading a small business.

Startups have to be led by a person who is hands on and given a newly-founded company's limited resources, it can only hire as many helpers as are critical to get going. If the team does its job well, the business will grow. At some point, however, to continue growing to midsize, a business must invest in a team of leaders with specialized and managerial expertise. But this can be tricky.

Firms that transition to a professional management style can transition to leadership professional management team too early can lose the scrappiness and nimbleness that leads to the winning strategy. Invest in a team too late, and they will fail to scale their golden opportunity.

Here are four common signs that your startup has reached its tipping point -- and what to do next:

# 1. PROBLEMS BECOME MORE COMPLEX.

When launching a company, often founders look for people that can multi-task and excel at many duties. While initially it may be great to have these “Jack of all trades, master of none,” entrepreneurs will eventually need to hire people with a particular specialty to bring their business to the next level.

# 2. MANAGERS AREN'T LEADERS.

Many managers in small companies are happy to do what the CEO tells them to do. But at the tipping point, the CEO will no longer have the time or energy to solve their problems for them. This is when CEOs need managers who can lead on their own.

# 3. EXECUTIVES LACK THE RIGHT SKILLS.

In small firms, please the CEO and everything's good. But midsize firms have leadership teams that might be three-to-five levels deep. If your executives don't know how to run teams, or possess the specialized knowledge and skills the business now requires, the company's growth can stall.

# 4. TEAMS AREN'T THINKING LONG TERM.

Executives at early-stage companies enjoy getting their hands dirty. They like to execute, and everyone pitches in. But the larger the business, the more it needs planning, anticipation, strategy and an understanding of its market (or its future market). Some

executives don't like these more sophisticated business processes, finding them tedious or bureaucratic.

Keep in mind, while leadership shifts are inevitable, this changeover in management approach shouldn't happen abruptly. Some of the original startup team may be able to grow into professional managers.

Other startups may not need to professionalize for another few years. Planning may morph from the back of an envelope to a one-page plan. Drive-by meetings might change into a weekly operations meeting.

But one staff position must lead the march: The CEO. The CEO who wishes to stay on top must begin treating leadership and management as worthy of time and attention, not unlike the attention garnered by a prospective customer or new innovation. Rather than allowing the team to organically respond to external opportunities, the leader of a midsize firm proactively picks the right leadership team for the challenge ahead, creates appropriate organizational structure and communication vehicles that set the company up for ongoing growth.

## About the Author

Robert Sher is the author of [MIGHTY MIDSIZE COMPANIES: How Leaders Overcome 7 Silent Growth Killers](#) (Bibliomotion; September 2014) and the founder of [CEO to CEO](#), a consulting firm. Sher has worked with executive teams at more than 80 companies to improve the leadership infrastructure of midsize organizations. [www.ceotoceo.biz](http://www.ceotoceo.biz)

*\* This article originally appeared on [Entrepreneur](#).*