

EXECUTIVE INTERVIEWS

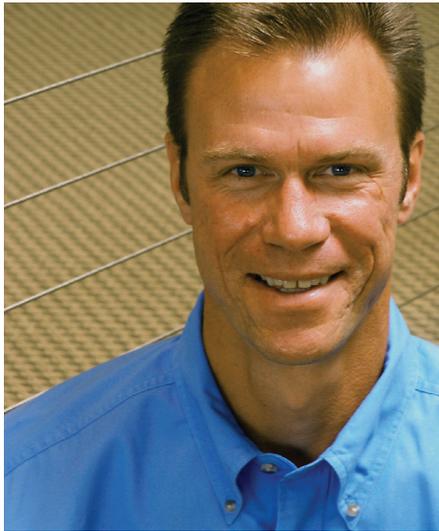
GROWING Your PEOPLE

Two successful CEOs talk about why great talent has no reason to leave their organizations.

Business growth is not something to be taken lightly. If managed well, it has a lot of positives, but there are also many reasons to avoid it. As discussed elsewhere in this edition of *The CEO Advantage Journal* (see “Still Small Giants” on page 30), some organizations choose to focus on greatness rather than growth.

Sometimes, however, that greatness creates the need to grow, as discovered by Gongos Research and Orchard, Hiltz & McCliment, Inc. (OHM). Both organizations have demonstrated a commitment to greatness, and both attribute their greatness to a culture that is built by and continues to attract great people. Yet, the very characteristics that make those people great are what drive them to become greater. In order to be at their best, they need to be continually challenged with new opportunities. To provide those new opportunities, their companies need to grow. If they don't, the talent that makes them great will have little choice but to go somewhere else.

The CEO Advantage Journal sat down with the CEOs of these companies to further explore this dilemma. John Gongos, John Hiltz, and their respective leadership teams have both chosen to grow for the purpose of providing ways for their employees to grow. In these edited interviews, they talk about the pros and cons of growth as well as their efforts to preserve their winning cultures in spite of rapid expansion.



Gongos Research is a custom marketing research company that uses qualitative and quantitative methods to help companies make informed decisions in the development and marketing of their products and services. They are based in Auburn Hills, Michigan.

**John Gongos, President
Gongos Research, Inc.
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What did you envision for your company at the time of its founding?

I had previously worked for two other market research companies. One was run by a great researcher who was not much of a businessman. The other was run by a good businessman who was not a researcher, yet he was successful. I figured if I could be a good businessman and market researcher, I could be successful. The opportunity was there, so I took it.

When we founded the company, we had a business plan with a growth projection, but it was little more than a guess. At that time, we were thinking in terms of weeks and months, not years. The focus was on finding customers, establishing a bank relationship, finding employees – the basics. We just wanted to survive. We didn't really have doubts, but we weren't planning on becoming a \$50 million company, either. We just wanted to be a successful research company, most of which are small to midsize.

At what point did you focus on the question of "to grow or not to grow?"

We enjoyed fairly steady 40% growth annually for the first five years, so it

didn't take long to realize two things. One, we had a really fun culture. We loved our small company culture and attracted a lot of smart and fun people who enjoyed working here. Two, we were growing quickly – so quickly that we began to wonder whether our culture could survive. There are a lot of positives with growth, but the prospect of losing our culture was a potential negative that caused us to question whether we wanted to grow.

So we started asking ourselves each year, "How big do we want to be?" It's funny to remember how when we had 15 people, we thought we never wanted to get bigger than 30 people. We hit that in two years, and the culture felt the same, so we decided we never wanted to be bigger than 40 people. We hit that, and the culture felt the same.

At that point, we began to wonder, "Do we have a *small* company culture or a *strong* company culture?" The CEO Advantage™ process helped us answer that question by leading us through a discovery of our core values. We began to realize that our strong company culture was built on finding people who shared those core values. That's what we had been doing right. From that point,

we were more proactive about maintaining our strong company culture rather than a small company culture.

Once you decided you could grow, why did you decide to actually pursue growth?

Once we truly understood what was responsible for our strong culture, we felt comfortable with our growth rate. But then we had a rapid growth spurt in 2007 when we quickly jumped from 45 to 75 employees. Not everyone on the leadership team was convinced that this was a good thing, so we had another serious conversation about the pros and cons of growing. Culture was still our primary concern, but we felt we could still proactively drive that while we grew. We identified two main reasons to pursue continued growth. First, we wanted to continue to get better as a company. Second, we wanted to keep the talent we had acquired. We had all these ambitious and talented people that we were going to lose if we couldn't provide them with more opportunities and more money. Plus, our leadership team was still pretty young, so we wanted the opportunity to grow individually, as well.

So we decided to continue

growing, albeit at what we consider to be a controlled rate.

I'm sure it's an interesting challenge for a CEO to manage the differing opinions on this issue.

Absolutely. We have people on the team who would love to grow even faster and others who are resistant to change. Growth means change; some love the excitement of that, and some hate the complexity of it. Of course, some have minority ownership stakes, so that affects their opinion, but I think attitude toward change is the primary factor.

Is there a limit to how much you plan to grow?

I don't think so. We have already grown larger than we once thought we could, and our culture has continued to thrive. Now that we have 102 employees, it's hard for me to say, "This just won't feel the same at 200 employees." We just don't know, and I don't think we will know until we reach that point. That's what makes growth scary. Yet, the real questions are whether we are driving the culture and operating at a high level of quality and innovation.

I feel good about the discipline with which we nurture our culture. It's a heavy component in our hiring, and we've also developed a reputation where people really want to work for us. That gives us a large pool of candidates from which to choose those who will be a fit.

Can you share any specific examples of how your growth has created opportunities for talented employees?

One member of our leadership team has always been a really good strategic thinker and is very excited about technology. For years, he has worked as a project director and moderator, but some of those projects didn't excite

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him as much as the more visionary and technology roles he was assigned. So we slowly transitioned him into leading the Research Innovation and Technology team that is dedicated to developing new innovation for research. So we found a role for him that aligned with his passion and strengths, and he is much happier. He is the perfect person for that job.

And if you were smaller, you could not have done that?

Right. We would not have been able to dedicate a high salary person to that full time.

Any other examples?

Sure. We have another guy who has been a project director and a very good moderator. We tried to make him an account manager, but he was not passionate about that. What he really likes is managing people and helping them grow. Thus, we recently dedicated 50% of his time to on-boarding our new hires. Every entry-level employee reports to him for the first six months. He closely manages their on-boarding and training processes until they are ready to be assigned to a specific team. The early returns have been phenomenal. The new people rave about the job he's doing, and he loves doing it.

If we were smaller, we could never dedicate 50% of someone's time to on-boarding new people. We would need him generating revenue. We're now at a point that we can afford to have him do

that, and it has been very helpful to our company.

Those are both good examples. Do you think either of those individuals would have left the organization if they could not have grown here?

Actually, both of them did leave, but they came back because they really like working for our company. Yet, had we not been able to create these specialist roles for them, they probably would have left again.

Do you have any other insights you'd like to share relative to the decision of whether or not to pursue growth?

There are two additional advantages to growth that I haven't mentioned. One is the diversified client base we now have. We would not have been able to weather the 2008 downturn nearly as well had we been a smaller, less-diversified company. Second is the brand recognition that comes with being a larger firm. Our people have always enjoyed working here, but it's fun when others recognize you.