

THE CATALYST

THE CATALYST

How You Can
Become an Extraordinary
Growth Leader

JEANNE LIEDTKA

ROBERT ROSEN

ROBERT WILTBANK



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*This book is dedicated to Mr. Frank Batten Sr.
without whose insights, encouragement, and support
it would not exist*

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THE CATALYST

1

ESCAPING THE TERROR OF THE PLUG

How Corporate Catalysts Crack the Code

The “plug.” It shows up every year at forecasting time, when your boss hands you next year’s revenue target. You know where the number came from: Chances are it’s been *plugged*, extrapolated from last year’s number plus whatever growth percentage Corporate has promised Wall Street. And it’s your job to deliver it. But despite having done all your planning homework—laying out your SWOT and five forces analysis, writing your mission statement, and conducting your competitor intelligence—you feel as paralyzed as a deer in headlights. You know you’ve got a big number to hit; what you don’t know is how to get there.

You live in the place where spreadsheet magic must meet reality, where corporate math confronts the marketplace. You face the terror of the plug.

Or maybe, like many managers, you have some ideas about how to approach that target. You suspect that one or two of them could even turn into something big. But you don’t have the data to *prove* that any of your ideas will be needle-movers for the company. And the numbers

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guys insist on that kind of proof before any corporate support can come your way. You are a believer surrounded by professional doubters. So you spend a lot of time doing PowerPoint presentations to convince them. While still trying to do your day job. While time and energy drain away. While the window of opportunity closes.

Now you're caught in growth gridlock, the frustrating place where the corporate entrepreneur's optimism and need for speed collide with the organization's skepticism and need for control.

Whether you're a victim of the plug or of growth gridlock—or both—you're between the proverbial rock and a hard place. Your company demands growth but doesn't give you the tools to find it. If you find it despite them, you're soon fighting the bureaucracy that surrounds you.

We wrote this book because we were tired of hearing the same worn-out stories about Steve Jobs and the iPod, the kids at Google, and the churchgoing scientist who invented Post-it Notes at 3M. What if you're not a high-tech guru or working for a famously innovation-friendly organization? What if you're an operating manager in an ordinary firm running some part of an existing business and struggling to find ideas and resources to grow it? Where are the stories to help *you*?

We knew that there *had* to be people out there like that—like you—who had cracked the code for achieving growth. Ordinary managers in normal businesses making important contributions to their organizations' growth objectives, managers who were fighting both the plug and growth gridlock and *winning*. We liked the idea of serious innovative energy dispersed at every level, lurking in organizations of all kinds. In fact, we suspected that there might be an underground movement—a kind of *Alice's*

Restaurant approach to innovation—that was succeeding *in spite of*, rather than *because of*, the organization in which it was happening. Remember Arlo Guthrie’s advice to individuals caught in the grips of the army bureaucracy—to sing “You can get anything you want at Alice’s Restaurant”? If just one person sings they’ll think that person is sick, but if fifty people sing, he argued, they’ll call it a “movement.” We wanted to start a movement.

Let’s face it: Changing organizations is hard work. Inciting subversive activity among individuals is a lot more promising. So we started a research project aimed not at finding great growth *companies*; instead, we looked for—and found—great growth *leaders*, who were ordinary managers doing extraordinary things. And doing them in companies that sometimes helped but often managed only to get out of the way.

Our three-year project was sponsored by the Batten Institute, a think tank on entrepreneurship and innovation at the University of Virginia’s Darden Graduate School of Business. Our research focused on better understanding the role of operating managers in achieving organic growth. When we looked hard, this turned out to be a surprisingly neglected subject. Nearly all existing studies focused either on new-product development or on disruptive technological change as the primary route to innovation and growth. While no one disagreed that managers with existing business responsibilities could play a critical role, no one seemed to be paying attention to *how*. It seemed to us that potentially significant opportunities for innovation and growth were being ignored—in particular, opportunities for creating better value for customers by leveraging existing capabilities and technologies. This type of innovation, we thought, was the responsibility of

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everyone in the organization, not just the executive team, the long-range planners, and the experts in R&D.

We started our research with some fundamental questions: Who are the managers who lead these kinds of growth efforts? What experiences do they bring to the task? How do they crack the code to discover and pursue opportunities? How do they marshal talent and other resources? Through an international nomination process in which we asked Darden alumni, recruiters, and executive education participants to nominate a growth leader whom they personally knew, we assembled a pool of 225 candidates. From this pool, we identified an initial group of twenty-five individuals who had achieved significant, organic top-line growth—not at high-tech start-ups, but at some of the largest and most established companies in the world. We interviewed these managers in depth, asking them to share with us a *particular* initiative they had led, one that they felt represented their approach to fostering organic growth. What we found were lots of seemingly ordinary managers doing extraordinary things, beating the odds to produce above-average organic growth in “mature” organizations and markets.

The following is a list of just some of the organizations whose managers participated in our study:

AES Corp.	Dow Chemical
Best Buy	General Electric
Capital One	Hamilton Sundstrand
Corning, Inc.	Hewlett-Packard Company
CPP International	IBM
Dell	ING Direct USA
DHL International	Mars Masterfoods
Discovery	Merrill Lynch
Communications, Inc.	Microsoft Corporation

National Broadcasting Corp.	Schafer Corp.
Northwestern Mutual	Simmons Bedding
Pfizer Consumer Healthcare	Sullair
Power Distribution, Inc.	Target Corp.
Procter & Gamble	Trader Publications
Raytheon	UBS
Royal Philips Electronics	United Airlines
	United Technologies

We've since built a database that includes more than fifty individual growth leaders from a broad range of organizations representing nearly every industry and various sectors of the nonprofit world as well—enough to start a *movement*, in Arlo Guthrie's terms. We've accumulated over three thousand pages of transcripts of our conversations with them, asked them to take several psychometric instruments, and interviewed their subordinates.

We wanted to know, first of all, if these leaders could be identified by a particular set of traits that would help C-suite executives identify and recruit them. Even more important, we wanted to know if the behaviors that these people exhibited could be learned by other managers. The leaders we were profiling succeeded without any help from us or from books, consultants, or courses. They were just doing what came naturally. What we wanted to find out was whether their techniques and strategies could be *taught* to other managers. We have combed through this mass of data to distill the essence of the wisdom they shared with us so that we can share it with you.

What we learned exceeded our wildest dreams. We discovered that growth isn't necessarily the result of far-sighted corporate strategies or radical new products and technologies. Obviously, these can help: Thoughtful strategies, great products, and staying ahead of the curve

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all matter. But more often than not, the successful and sustainable growth he saw was driven by operating managers within a business whose leadership initiated a near-chemical reaction that generated significant top-line results. Often acting without substantial capital investments or corporate support, these extraordinary Catalysts are masters at leveraging existing resources to spark growth by creating better value propositions for customers. Who they are, how they think, and what they do combine to ignite growth in their organizations. Even more interesting, they tap into opportunities that were there all along, waiting for a leader to activate them.

Consider Kurt Swogger at Dow Chemical, who accepted the challenge of growth in a business so bad that even the consultant hired to value it for sale told him not to take the job. Swogger took it anyway and grew it into one of Dow's top performers and a model for how to innovate. We found Clay Presley, who arrived at his new job at Carolina Pad & Paper to find a failing paper company that used its out-of-date manufacturing facilities to serve second-tier retailers with a "paper by the pound" mentality that gave new meaning to the term *commodity*. Presley now runs a company seen by major retailers, such as Walmart, as the go-to firm for high-end designer school supplies—and he hasn't changed jobs.

Potential growth leaders, waiting to be unleashed, exist within every business. Though some figure it out on their own through trial and error, like the ones we profile in this book, we now know how to help *all* managers develop the skills that will allow them to turn Corporate's plugs into top-line results and break through the gridlock that threatens their progress.

Having worked with hundreds of managers over the

past two years in our executive education programs at the Darden School, we've come to believe that there is a Catalyst hidden in most managers. This book, then, is a guide for understanding what it takes to find and develop your ability to lead growth in your organization. We will explore six lessons the original Catalysts taught us to help you crack the code and achieve growth from the inside out. We'll show you how to use the Catalysts' approaches to become a growth leader in your organization.

WHY "CATALYSTS"?

We chose the word *catalyst* carefully in looking for a good way to describe our leaders. Catalysts drive action. But there's more. In science, the term *catalyst* refers specifically to an agent that is *required* to activate a particular chemical reaction. In other words, chemical catalysts don't just make things happen; they make things happen that wouldn't happen at all without them. They accomplish this by reducing the barriers that would, under normal circumstances, prevent a reaction. That is exactly how the growth leaders—our corporate Catalysts—overcame growth gridlock and the terror of the plug in their organizations.

Try putting a lit match to a pile of sugar. Nothing happens, because igniting sugar requires more heat than a single match (or even a lighter) can provide. So it stays just sugar, no matter how many matches you throw at it. Nothing changes. But put just a little ash on top of the sugar pile and see what happens when you strike that match. (Don't try this at home, boys and girls!) Desktop inferno—all from a small bit of ash acting as a catalyst.

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The sugar is already on your table, maybe along with a ton of spent matches. Your leadership can catalyze it. And here's the crazy part: Nothing else has to change to make this possible—except you. Customers can have the same needs they've had all along; competitors can continue to do what they've been doing. Nothing *external* is needed to create growth. You can ignite it from the *inside* when you adopt the ways of seeing and behaving that we'll talk about here. You can take what is already available—current customers and capabilities—and bring them together to produce significant new outcomes. It looks like magic, but it isn't.

Because leadership really matters when it comes to creating organic growth, the challenge is to tap into the capabilities within you and bring them to life. How? By creating an environment in which it is easier to grow than to stand still. Rather than ask employees, customers, and partners to swim upstream against the relentless current of a traditional corporate bureaucracy, which often inhibits growth, you'll step out of that current and form a protected pool—using the specific practices and techniques we'll show you to incubate your growth initiative.

The Catalysts often start out in the same place as everybody else, without superior information, capabilities, or customer contacts. And then they go on to accomplish extraordinary things. And although what they do is not rocket science, it *is* counterintuitive to what many managers have been taught. The Catalysts succeed by freeing themselves from the shackles of business-as-usual in their companies. They are as distinctive for what they *don't* do as for what they do. They don't, for instance, “think big,” or “let the numbers speak,” or segment their

market according to some set of meaningless demographic descriptors. They don't even rely on focus groups.

Imagine that.

WHY GROWTH INITIATIVES STALL

The Catalysts crack the growth code by recognizing that internal organizational factors are more of an impediment to growing a business than market conditions or competitors. There's usually not much you can do about market conditions and the behavior of competitors. You can, however, do a lot to navigate within your own organization more successfully. That's the good news. The bad news is that most organizations don't make it easy. They often have two *seemingly* natural and logical impulses that gridlock growth. The first is a well-recognized—indeed, almost reverential—faith in the power of data and analysis. The second is a deep-seated distaste for anything small. Together, these self-inflicted wounds can be toxic to growth.

Worshipping at the Altar of Analysis

Organizations are designed for stability. Shareholders expect it, employees and communities like it, and customers depend on it. And stability depends on the rigorous collection, analysis, and use of information. In this environment, it's managers who know how to wield information—how to analyze, validate, and justify the use of corporate resources—who ultimately succeed. Proceeding without solid data, without the analysis to back up an idea, is a corporate sin.

But there are limits to the power of analysis. Exploring new growth opportunities always involves making decisions under conditions of uncertainty—raising the challenge of how to take data from a known past and connect it intelligently to an unknown future. It involves, borrowing a phrase from historians Richard Neustadt and Ernest May, “thinking in time”: figuring out how to connect what you know about the past in order to think well about a new future. As they point out:

The future has no place to come from but the past; hence the past has predictive value. [But] . . . what matters for the future in the present is departures from the past, alterations, changes, which prospectively or actually divert familiar flows from accustomed channels.*

The tricky part is spotting the divergence. Story after story—whether it is Thomas Watson’s prediction in 1943 about a world market for “maybe five computers” or Union General John Sedgwick’s famous last words in 1864 (“Don’t cower, boys. They couldn’t hit an elephant at this dist—”)—demonstrates how bad we human beings are at predicting when familiar flows will divert into unaccustomed channels. But diversion is what growth is all about.

Subjecting new growth initiatives to validation through the kind of rigorous analytics that established organizations crave creates a fundamental problem: Since the data we need about the future don’t exist, we have to make them up. Until we act, data from the past are all we’ve got to help us think about the future. And so, challenged by

* Richard E. Neustadt and Ernest R. May, *Thinking in Time: The Uses of History for Decision Makers* (Macmillan USA, 1986), p. 251.

the organization's professional doubters to *prove*, using today's data, their theories about some not yet existing business, managers create phony numbers based on extrapolations from the past, plus predicted diversions.

And then the games begin.

Everybody involved knows the game being played, and so they deal with their fears and demonstrate their savvy by cutting the projections as they pass by. By decision time, somehow the opportunity doesn't look "big enough" to move the needle anymore. And that's a BIG problem, because the second sin in many organizations is being small.

Believing That Only Big Is Beautiful

People running big organizations—or even small ones for that matter—like big ideas. This makes sense. Limiting the number of initiatives under way increases headquarters' ability to monitor, prioritize, and sustain a clear focus. Corporate attention and resources are scarce; focus and control are key. Opportunity costs are high. Moving the needle is hard. Chasing lots of new business ideas simultaneously seems like a mistake.

But some unsavory realities get in the way of this apparently solid logic:

Reality 1: If an opportunity is big and obvious, chances are somebody else has already seen it.

Reality 2: Human beings (customers, in particular) are terrible at envisioning things that don't already exist.

Reality 3: If you insist on home runs, chances are you won't get many singles (*or* many home runs).

Reality 4: When the ratio of *resources invested* gets too far ahead of *knowledge possessed*, bad things happen and heads roll.

Because of these unfortunate realities, applying the “only big is beautiful” attitude to operating managers trying to innovate and grow their businesses sets up the business version of a Greek tragedy, dispatching heroic managers on a dangerous and usually doomed quest in pursuit of the truly “big idea,” the one that will move the corporate needle. Such an approach dismisses opportunities well before their potential can be reliably assessed, makes learning almost impossible, discourages trying, and practically guarantees that failures will be painfully expensive and highly visible. It almost *insists* that managers take maximum risks—in both their projects and their careers. Not surprisingly, organizations have trouble finding managers willing to chase after *that* value proposition.

Particularly tragic is the triple-threat mentality that we often find in well-funded industry-leading companies. According to this mindset,

1. We want big payoffs only: No small projects need apply.
2. Let’s do it ourselves: Partners are a problem.
3. Let’s keep it secret—even from customers.

When these three attitudes are allowed to drive the development of new business initiatives, the result will usually be expensive fiascos. That’s because this approach keeps real learning out of the effort until it is almost too late—by fully designing offerings in the absence of real customer engagement, bringing production capacity on

line without demonstrated market demand, and never giving those who are more experienced a chance to offer advice. In the world of start-ups, where venture capitalists expect fewer than two in ten projects to produce a home run, a trip to Vegas with shareholders' money would seem a far more responsible choice.

Aspiring jugglers are told to start with beanbags rather than tennis balls. Beanbags are *forgiving* when the novice drops them; unlike tennis balls, they don't need to be chased after when dropped. Which all new jugglers will do—guaranteed. As we work with organizations to build their capacity to foster organic growth, we are amazed at how often they insist that their managers juggle with the equivalent of flaming torches—assuming that no one will drop them—even though beanbags are available.

COMMITTING UNNATURAL ACTS

The Catalysts crack the growth code by ignoring Corporate's obsession with analysis and size. They are willing to commit unnatural acts. To start, they recognize the futility of the new-business-prediction game and refuse to play it. They stage a daring escape from the tyranny of data. But that doesn't mean that they reject the *idea* of data itself. They know that learning rarely occurs without information. They just believe in getting it in a different way. They use predictive data up to a point, and then they seek *real* data from the marketplace.

Second, they believe that small can be beautiful, as long as the business doesn't stay small for long. Scalability is important to them, but they *never* place big bets up front when they can avoid them, even if they can afford

them. They see that the instant gratification that supposed needle-movers offer is an illusion. Placing big bets on new ideas *predicted* to generate big growth, while nice in theory, is just too dangerous in practice.

The Catalysts are willing to bet that *some* of the ideas they are working on will turn out to be needle-movers, but they believe that the only way to get there is to try an idea and allow its potential to emerge in a disciplined learning process that sets milestones and identifies key uncertainties.

Rather than worshipping at the altar of analysis, they leave the building. Refusing to believe that only big can be beautiful, they think small. They stop analyzing and start doing.

And what they do best of all is navigate brilliantly between two very different worlds—one corporate, one entrepreneurial. Like entrepreneurs, their success depends on their ability to innovate and find and build new sources of business. At the same time, they have to do this within the confines of their organizations. For many managers, this in-between place feels frustrating, even dangerous: It's a no-man's-land always in dispute between two enemy camps. A war zone.

That's not at all surprising when you think about it. Although an organization *wants* growth and innovation, many of the behaviors it relies on work directly against achieving those goals. This drives their managers crazy, and rightfully so. It seems so unfair, so hypocritical. Most of the managers we work with harbor a deep desire for the perfect corporate parent, the one whose structure, reward systems, and accounting processes support the growth goals they've been assigned. Most resent the flawed parent they've got instead of the perfect one

they'd prefer. It's like our longing as parents for perfect children who get elected student body president, always come in on curfew, go to Harvard, and eventually find a delightful spouse who helps turn out adorable grandchildren.

Both fairy tales have about the same chance of coming true (though some of us *have* scored the adorable grandchildren) and for the same reason. Our kids' primary objective is not to make us proud, and organizations are not designed to foster innovation and growth. Instead, they are built around the need to produce consistent and reliable financial returns for shareholders, products for customers, and jobs for employees—based on careful management of the *existing* business. They are full of systems, processes, and norms oriented toward controlling and accomplishing these objectives. Reorienting all components of the organization to focus instead on nurturing growth and innovation—even if senior leadership were willing to make the changes—is a bad idea. It would be throwing out the baby with the bathwater.

And so there seems to be a fundamental, irreconcilable tension between building a new business and controlling the existing one, a tension that dooms managers to dwell in a strange and shadowy netherworld—to be terrorized by plugs and frustrated by growth gridlock.

Or maybe not.

The Catalysts don't see it that way at all. In fact, they often see themselves as having the *best* of both worlds. And this isn't because their organizations are different: Theirs are just as annoying and obstructionist as most. In fact, more than half of our Catalysts report that their corporations' systems and culture actively *hinder* their efforts to grow their businesses. But none of this seems to matter

that much to them, because what really is different is *them*, not their organizations.

Transforming your organization is dangerous and difficult work. The good news is that you don't have to take that on. You can focus instead on tackling the infinitely easier assignment of just *growing your business*. You can save your energy to fight in the marketplace, not in your own organization. You *can* have the best of both worlds.

But first, you have to avoid growth gridlock.

GROWTH GRIDLOCK: PUBLIC ENEMY NUMBER ONE

You are probably familiar with the phenomenon we call growth gridlock. Picture Midtown Manhattan at rush hour. Lots of people anxious to get somewhere. Cars idling, fumes spewing, frustration building. Maybe you see growth possibilities, maybe you don't—but it doesn't matter much, because you can't make any progress on them anyway. You're not going anywhere anytime soon, because you are caught in the congestion caused by the conflict between Corporate's need to control the existing business and your need for the freedom and resources to grow a new one. If there's any activity at all, it's usually in the form of PowerPoints and meetings and lots of horns blaring. Hard to mistake that for progress, though it does chew up plenty of time and energy. After all those exhausting meetings, you haven't moved an inch.

Idled by gridlock, you—the frustrated growth leader—have this fantasy: You're an entrepreneur on your own, free as the wind. You've escaped corporate systems and processes, you've assembled your own can-do team with

total latitude, and you don't need to convince the bureaucracy that your idea is big enough to matter but doesn't threaten the core business. Wouldn't you be cruising at ninety miles an hour with all this going for you?

But wait. There's the problem of finding gas money. And maybe even the car itself. Established companies bring a lot to the table when they're in pursuit of a new opportunity. They start with a set of hard-to-imitate resources and capabilities. And then there are suppliers already set up, some key stuff in the form of assets, and access to broad sets of talented people throughout the company. Good companies have a reputation that might sway some customers early on, despite the uncertainty surrounding a new offering. Real entrepreneurs—the ones mortgaging their homes and employing their brothers-in-law—would kill for any of these advantages.

The grass is always greener. Ironically, entrepreneurs envy what existing companies can do, and managers inside big corporations long for much of what independent entrepreneurs can do. Then the answer is simple, right? This best-of-both-worlds thing makes sense. But how do you tap into all those capabilities, assets, and resources and still retain the autonomy to launch your new business your own way, free from the corporate systems and processes that get in the way? How do you escape growth gridlock?

It is counterintuitive but true that you don't ease traffic gridlock by building more highways. The new ones only fill up again. It is also true that the people who run the transportation system can relieve congestion somewhat by better timing the lights, designing more effective traffic flows, or just discouraging the volume of cars. You can hope for that. But there's not much you can do about any

of those things as you sit idling, tapping out “Bohemian Rhapsody” on your steering wheel.

What you *can* do is figure out other ways of getting where you want to go. The Catalysts showed us an alternative route to producing growth. It was not the path of the entrepreneur, and it was not the traditional path of the corporation, either. It was a third route that cracked the growth code. This route is built on six lessons which, taken together, allowed them to break through growth gridlock, defeat the plug, and enjoy the best of both worlds.

LESSON 1: *DON'T LOOK UP, LOOK IN*

Growth begins with you. Not Corporate. Not the market. Not even customers. *You*.

The first lesson from the Catalysts is that who you are—how you are “wired”—really matters. To an individual, the Catalysts are restless, impatient with the status quo and endless analysis. For them, idling is just not an option. They hate standing still. Failure is forgivable; not *trying* is the ultimate sin.

But it's not all attitude. Like it says in the Cole Porter song, “If you want to have a future, darling, why don't you get a past?” Their pasts matter. Kurt Swogger was able to break through the growth gridlock at Dow to create a new future not just because he had the guts to try but because he had built a strong network of colleagues throughout the organization. Trained as an engineer (a field not usually seen as a wellspring of creativity), he branched out early and worked in just about every function—manufacturing, marketing, R&D—and in products ranging from Saran

Wrap and Ziploc bags to agricultural chemicals. By the time he took over the polyethylene business, he'd just about seen it all. The same was true for Clay Presley at the paper company Carolina Pad. He had been a CPA (accounting is another creativity hotbed) who audited small businesses for years before moving into the stationery business. This combination of attitude and experience seems to be hardwired in the Catalysts' ability to see and chase opportunity so successfully.

But what if my growth wiring is not what it should be, you ask? Can you change how you are wired? Can you still have a new future if it's too late to get a different past? Absolutely. In chapter 2, we'll use what we've learned to help you develop a personal development plan to bring your growth wiring up to code.

LESSON 2: THE MONKEY ISN'T ON YOUR BACK—IT'S IN YOUR HEAD

How growth leaders *think* also matters. The first step in easing gridlock is to escape the “Mother, may I?” mentality, to get over the belief that your every move must wait for an approving nod from Corporate. If you want to crack the code, stop complaining about the monkey on your back and worry about getting rid of the one inside your head. The solution isn't *them* thinking differently—it's *you*.

The Catalysts don't like asking for permission *or* forgiveness. They don't like asking, period. They don't wait for Corporate to change the rules; they elect to play a different game all by themselves.

Many managers are programmed to think “the corporate way,” to seek certainty and accuracy and rely on data

to predict and plan. That approach works well when you're running an existing business where you know a lot. It is deadly in the world of growth, where what you *don't* know is far more important than what you do. Growth is all about uncertainty and how you work with it. Prediction and analysis have a place in that world, but you're in trouble if they are the *only* tools you've got.

Faced with uncertainty, the Catalysts think like lean, mean entrepreneurs, not like corporate types. Sure, Catalysts like Jim Steiner at Corning, a former corporate controller, can run the numbers with the best of them when they need to. But they avoid taking unnecessary risks, and relying on prediction is one such risk. So Steiner started with capabilities he already had in-house, found a partner to ante up the capital to produce his new product instead of asking Corporate for money to build plants, got commitments early in the process from his big customer, Texas Instruments, and managed his potential loss to what he could afford—just like successful entrepreneurs do. The Catalysts tap into the capabilities and the network of relationships their organizations already have. They don't make mere lemonade out of lemons—they make daiquiris.

Paradoxically, organizations often push their managers in directions that make growth *riskier* than it needs to be: They demand big-payoff projects that move the needle right away, keep secrets from suppliers, and share ideas with customers late in the game. But the Catalysts don't buy these risk-enhancing approaches. Neither should you. As we'll show you in chapter 3, the Catalysts get a running start without a high-risk price tag attached.

LESSON 3: IT'S ALREADY THERE— REFRAME TO FIND IT

A big contributor to the “deer in headlights” paralysis is the mistaken notion that a genius-like flash of brilliance—a big disruptive idea—is necessary for growth. It isn’t. Now, you do have to go *looking* for growth; it (unlike life) doesn’t happen while you’re making other plans. But the good news is that, if you can learn to see differently, it is *already there*. You just need to change your perspective to find it, a process we call “reframing.”

As you read the stories of our growth leaders, you may wonder, “Why did it take them so long to think of *that*?” Their success is based much more on thoughtful, in-depth exploration of customers’ needs than on wildly imaginative creative leaps. Clay Presley at Carolina Pad & Paper reframed how he looked at his business and came up with the idea of fashion notebooks for teenage girls. Not exactly rocket science. Jeff Semenchuk at Pfizer Consumer Products climbed into his customers’ heads, took an array of products that the company already had, packaged them in portable sizes, and let everybody from business types to soccer moms customize them into their own “portable medicine cabinets.” Both of these turned into very significant new businesses.

These innovations and others like them are neither the dramatic breakthrough kind nor the “tweak a bit here and there and raise prices” kind. They’re all *genuine* innovations but built around enhancements to existing value propositions.

There are a lot of ways to achieve growth. Some options involve more radical innovation than others; some

have greater revenue potential than others. The people who call the shots on them are different. Operating managers own some of them but not others. Think of all these possibilities as different ways to *rev the growth engine*.

When your engine isn't giving you enough power, you have a couple of options. The simplest and least extreme is to get a tune-up. In growth terms, this is like grabbing the low-hanging fruit of revenue growth by improving processes, raising prices, or changing sales force compensation. These are good ways to rev the engine but won't win any big prizes. They won't land you in the Indy 500 if you are driving a Kia.

Another option—the most extreme—is to overhaul, or replace, the engine, the equivalent of removing the old business model and installing a new one. This is the big dramatic growth of the disruptive kind that Clay Christensen writes about in *The Innovator's Dilemma*.^{*} Initiatives in this category—think of the development of the personal computer, the rise of the discount-warehouse retail model, or the arrival of Internet banking—usually come with big trade-offs and carry a lot of risk for established companies. Engine overhaul calls get made by senior management, usually with a lot of analysis and deliberation, the help of the folks in R&D, and often some expensive strategy consultants on the side. Like a tune-up, an overhaul is extremely critical work in organizations. If no one is scanning the horizon for frame-breaking change, the organization will eventually be in trouble. But that someone should not be—and usually isn't—a firm's operating managers.

^{*} Clayton M. Christensen, *The Innovator's Dilemma. When New Technologies course Great Firms to Fail* (Harvard Business School Press, 1999).

The Catalysts' approach to growth falls somewhere between the tune-up and the overhaul. We call it the "turbocharge." It involves creating better value propositions for customers, not just by tweaking business processes but by leveraging the organization's existing business model and capability base instead of building a new one. To succeed at turbocharging, you must play by a set of rules that are completely different from those that govern the tune-up and the overhaul. For starters, you need to know your customers very well and be able to reframe your value proposition to see it through their eyes. This makes turbocharging the kind of growth that operating managers are uniquely situated to see and execute. In chapter 4, we'll examine the formulas the Catalysts used to find growth in their businesses, and we'll work with you to identify opportunities to turbocharge yours.

LESSON 4: SMALL IS BEAUTIFUL

So by now you are tapping into your inner growth leader, thinking like an entrepreneur, and looking for opportunities to connect your organization's capabilities with a concrete opportunity to create better value for your customers. Let's say that you've found one.

Now you've got to figure out how to *move* that idea into action at some point before your retirement date. You've been encouraged to "think big," to swing for the fences. Form a committee, start gathering data, run some pro forma P&Ls, maybe even hire some high-priced market research firm to help you assess the idea's potential. After you've done the analysis, focus on a big preemptive launch. Catch competitors off guard.

We've got a better idea. Try starting with beanbags instead of flaming torches. If you're a novice at this growth stuff, you're a lot less likely to get burned. Launch it small and focus on learning what works. Place some small bets fast. Find a customer—maybe just a single one. Try to sell that customer something, even if it's just a rough prototype. Enlist some advice from your supply chain. Internally, find a team of seasoned performers to give it real attention. Think of your new business as a *hypothesis to be tested*.

To accomplish this, you'll probably need to build a protective bubble that lets you escape detection by the corporate radar, at least until after there is a level of success that you *want* to be noticed. This bubble lets you focus your energy on learning in real time from real customers, rather than filling out corporate budget requests. A bubble that makes "good enough" good enough. A bubble that lets you call the baby ugly if it turns out to be. Then when you're confident that you've got the winning recipe figured out, ramp it up with a vengeance.

That's what Conrad Hall, a Catalyst operating in the classified advertising segment, did. He didn't start big, but he got big quickly. He purchased a small publication in an interesting new area just as an experiment, worked out the model quickly, and then ramped up to national scale in just two years.

Here, we will take a deep dive into a process that we call a "learning launch." It focuses on placing small bets fast, a passion that all the Catalysts share. This process aims to minimize risk, accelerate learning, and generate data and insights quickly from direct market experience. A learning launch is definitely not a test; it's an *art* that requires developing some new skills, thinking deeply

about some stuff you probably ignore, and committing some unnatural acts (by corporate, not decency, standards). In chapter 5, we'll explore the magic of why learning launches work, and in chapter 8 we'll help you design one around your new business idea.

LESSON 5: LEAD WITH PRAGMATIC IDEALISM

The Catalysts are not superheroes. They don't try to go it alone. And neither should you. One of the key factors in their success is their ability to assemble and motivate high-performing teams. It isn't always easy. But they refuse to settle for B-team players. They hold their teams to high standards of accountability, which involves some hard choices and leadership behaviors that might seem harsh at times but are necessary for getting the job done. They are somehow able to combine two seemingly opposing forces: setting high expectations and holding people ruthlessly accountable for delivering results and, at the same time, engaging people's passions. They take risks with new business ideas, but not with people. In fact, they don't hesitate to remove any team member who isn't delivering. Yet the people who work for them describe these tough bosses as "caring," "motivating," and "inspiring." Though growth leaders like Arkadi Kuhlmann at ING Direct clearly put performance first, in the end they get *both* performance and inspired engagement. They are pragmatic idealists.

In chapter 6, we'll look in detail at how the Catalysts pull off this feat and help you assess whether a pragmatic leadership approach could enhance your team's ability to lead growth.

LESSON 6: *SPEED THRILLS*

When the five lessons we've talked about come together, the effects are extraordinary. They produce the last tool in the Catalysts' toolkit: *speed*. Speed is their mantra. Growth leaders such as Kurt Swogger not only create growth but also accelerate the entire growth process. They put some ash on the pile of sugar, light a match, and create an inferno. And they give everybody who works for them a match. Through it all, their obsession with speed drives a surprising and powerful array of consequences.

But this isn't your father's version of speed that we're talking about here. This is speed as learning velocity, the ultimate Trojan horse. In the daylight, it looks reassuringly familiar to Corporate as a source of competitive advantage. After all, who could argue against speed? Yet what it actually does is unleash a decidedly subversive force under cover of darkness. You can't care about speed and go about business as usual. And you can't get there without aligning all of the pieces we've already talked about.

In chapter 7, we'll unpack why speed works so well for the Catalysts and describe how you can use it to turbocharge your own growth initiatives.

Finally, in chapter 8, we'll put it all together and walk you, step by step, through a process for designing your own learning launch. We've even thrown in a postscript for your boss in the C-suite, with some advice on how to make your job as a growth leader easier.

Enough of us talking! Over the past three years, we have loved meeting the Catalysts—all fifty of them—and hearing their stories. They've taught us a tremendous

amount about how to successfully lead growth in large organizations, how to escape growth gridlock and have the best of both worlds. We're eager for you to meet them, too. After all, you've got a code to crack—and a journey to start—to find the Catalyst in you.