

## P R E F A C E

**E***very Business Is a Growth Business* is based on our combined fifty-plus years of experience in working with and learning from many of the world's best business leaders, people such as Jack Welch of General Electric, Eckhard Pfeiffer of Compaq, Larry Bossidy of AlliedSignal, John Reed of Citicorp, Alex Trotman and Jacques Nasser of Ford, Chad Holliday of DuPont, and many others.

There's one thing we've noticed that's consistent among this group of very different people in very different industries:

They believe in and act on the idea that there's  
no such thing as a mature business.

Their companies may be in high-growth industries or those in which growth has come to a standstill. But, their companies manage to churn out double-digit growth, year after year, no matter whether the economy is in recession or on a roll. In the early part of the 1990s, for example, no part of AlliedSignal looked like a worse prospect for growth than its aerospace division. Today, while the aerospace industry is still muddled in a no-growth mode, Allied's aerospace business has been growing at a rapid clip for the past several years. How they—and others like them did it—will be explored in depth throughout this book.

Another quality we've seen time and again from our experiences with successful leaders:

Their growth is profitable, sustainable, and capital efficient.

How often do you see stories in the business press about companies that are growing like mad but not making any money? Empty, profitless

growth may even be a worse business sin than those who err by thinking that their company's business is mature. How have the leaders of Compaq—and Dell, as well—grown their businesses and made the investment in the company worth more this year than last? Relentless attention to costs, cycle time, and efficient use of capital, without which growth often ends in disaster. There is no end to the value of productivity as a business tool. It makes you more competitive and generates resources for growth. Our emphasis on the financial realities of growth is, we believe, a unique contribution of this book that you'll find in few other places.

A third quality of successful companies:

They grow because growth is in the corporate  
mindset, created by the company's leaders.

Growth doesn't happen because managers decide to broaden the product line or spend more money on technology or beef up the sales-force or acquire another business. These and the other familiar tools and techniques for expansion are just that: tools. They are part of the execution of a growth strategy, no more.

The mindset of growth starts with an insatiable curiosity about the world's needs. It doesn't accept the limits of existing products and existing markets; it quests endlessly for new opportunities to expand beyond these artificial boundaries. In a phrase we use, it's about broadening your pond—enlarging the scope of your business activities by defining and meeting the new needs that change is always generating.

As a concept of strategy, broadening the pond is new. But it's what successful growth leaders do intuitively. Like every fundamental business truth, it is both inexorable in its power and logic yet simple once you understand it. As you read about it, you will discover that most of what you regard as "strategic planning" is obsolete.

And last, but not least:

The mindset of growth starts at the top,  
but it must reach all the way to the bottom.

As Gary Wendt, CEO of GE Capital Services, puts it, "Business development is everybody's responsibility." Leadership—at all levels—is the key. Leaders of growth companies work as hard at transforming the thinking of their organizations as they do at anything else.

Many people think of this as changing the corporate culture, but cultural initiatives rarely produce significant change. What leaders specifically influence is *how people make decisions and work together*. These behaviors are mirrors of the leaders' own decision-making and leadership styles, and they drive culture at the most fundamental level. They become what we call the *genetic code of the organization*, a pervasive set of signals and cues that shape how people think and behave in all areas of their working lives from how they look at opportunities to how well they learn from other people.

By pinpointing for the first time the underlying determinants of culture, the concept of the genetic code lets you precisely engineer the meaningful, lasting changes that will make business development everybody's responsibility.

For those who want to build profitable growth companies, there is no single answer, no cotton candy high, no quick fix. What we are talking about is not easy. It takes a deep commitment to change on the part of leaders grounded in reality, with clear teachable points of view on growth.

In the end, it comes down to the quality of leadership—a major theme of this book. Leaders with the growth mindset and business common sense turn dying enterprises into thriving ones; conversely, when companies go off the rails, it's largely a leadership problem.

The days are gone when managers got rewarded for simply maintaining their enterprises. The bar has been raised: Today, business leaders are judged by their success or failure in achieving sustained, profitable growth. Every leader in your organization must understand that enlarging the pond, improving productivity, and making business development everybody's business are essential. You can't choose among them. Nor can you choose between achieving short-term goals and building for the long term. Staking out now for the company's future positioning—which includes training coming generations of leaders—is as crucial as earning credibility and generating resources through short-term performance.

There's no standing still. What works today probably won't work tomorrow. The most common failure of leadership is not to adapt when strategies have begun to decay or become obsolete, or when operational excellence has begun to decline. And the ultimate test of leaders is their ability to build an organization that continues to adapt and grow after they are gone.