

## Knowledge Drives Growth

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My business has had some ups and downs. It seems that often, when I bring in a new employee, or vendor, with a new set of job skills, we make some progress, but then we get stuck again. What can I do to keep my company growing?

To answer this business owner's question, let's focus on knowledge as a driver in business growth. In the mid 1990's, I explored the subject of growing businesses, and the transitions businesses went through, over time. Several interesting things came out of my inquiries, specifically related to knowledge.

First, a businesses' ability to grow is enabled by knowledge. Second, a business owner who continues to learn and infuse learning into the company, can create growth. Third, a business owner must not be the only one with knowledge, or the ability and authority to act upon new knowledge. Fourth, knowledge without structure contributes to chaos as surely as avoidance of knowledge altogether. What does this mean for each of us as business owners? Let's take these findings, one at a time.

It continues to be my experience that most businesses max out, at different stages of growth. The business stops acquiring new customers, or gets overwhelmed by new competitors, or loses profitability, or stops innovating, or . . . the list goes on. Actually,

the business has maxed out. Without new information, knowledge or resources, the business is unlikely to continue to progress to the next level.

To keep the business growing we have to continually add skill and knowledge – to stay ahead of competitors, take advantage of new technologies, find new customers, deliver better, enhance profitability, find new ways to market services. As owners, we have to constantly ask, what do I, and everyone else in the business, need to know, to be effective 1-2 years from now – and how do we go about acquiring that knowledge now, so that we are prepared for the future.

Where do we get new knowledge? We can start by making a list of what we need to know. Then, we can tackle the question of where to go to find it. There are lots of options. Go to school. As the owner in this question observed, hire employees with new, complimentary skills. Bring in outsiders – vendors, consultants – who can teach us. Read a book, do research, talk to peers about their experiences.

Remember, however, as we search for new knowledge, it is better if we, as owners, are not the only ones who get an education. We have to build skill among our employees, as well. The broader and deeper the

knowledge base of the company, the better it will be positioned to meet its' growth goals.

Some owners worry about investing in the growth of employees, fearing employees will move on and take that investment with them. That may happen, it may not, but we cannot hold the company back. The business will not grow, if we allow our employees to stagnate.

Several Gallop polls can give us some real food for thought regarding the value of training employees, as a way to engage them in the business: in the US, only 1/3 of the total workforce is fully engaged with the work they perform; engaged employees are 15 times more likely to recommend their company as a good place to work; major productivity gains come from those employees who are fully engaged. By asking employees to learn about new things, we expose the company to opportunity, motivate and engage employees, improve output, and become better prepared to fill an open position, should an employee choose to move on.

As the business grows and demands more knowledge, we are also confronted with the need for structure. Typically, we start our businesses with a short span of control - the buck stops on our desk. Anyone can walk into our office to ask a question or make a request. We act like we are

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supposed to have all the answers. In reality, our shoulders are only so big. At some point, we have to ask others to help carry the burden of leadership, confidence, authority and knowledge sharing. Decision making becomes more specialized, and layered. We, as owners, must learn to rely on additional expertise, in order to run the business well.

We use organizational structure to tell who has the authority to make decisions in various situations. Our work, as owners, becomes all about teaching people how to take action based on what they know how to do. We teach people how to work together to make the best decisions. We give people a context, within which to act – a strategic framework that defines where the company is going. We learn to reserve our authority to make and approve only the highest level decisions, while we turn the tables on people who come to us for decisions, asking instead, “What would you recommend the company should do?”.

In conclusion, to answer our business owner’s question – drive the company forward with knowledge. Find people who want to learn, and prize them as good employees. Find people with expertise and hire them to make your business more expert. Build a 1-3 year learning plan, designed to take your business

forward at a steady pace. Challenge yourself to constantly lead the way with new knowledge. Build structure into the organization that will accommodate additional know-how and facilitate the flow of information.

Looking for a good book? Try *Follow This Path: How the World’s Greatest Organizations Drive Growth by Unleashing Human Potential*, by Curt Coffman and Gabriel Gonzalez-Molina, The Gallup Organization and Warner Books, 2002.

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