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EXECUTIVE COACHING SERIES

Corporate Life Span and the Work of Ichak Adizes: A "Cliffs Notes" Version

White Paper

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When coaching executives it can be helpful to have a broad view and historical framework to assess the challenges faced in a given organization and to understand the role that the executive has with the respective challenges. In developmental psychology there are predictable, qualitative changes and milestones that individuals face over their life spans. Adizes (1999) and his colleagues, in their collective work, have written extensively on a parallel developmental process for organizations. This white paper is an introduction to Adizes' model and considerations for an executive evaluating complex problems faced by his or her organization.

Adizes (1999) described a number of predictable stages that organizations either develop and navigate through or face failure if they do not successfully navigate through the transition. At each stage there are predictable challenges that require resolution. These challenges involve changes in structure, role, authority, power, and influence.

Adizes' model covered organizations from their inception to dissolution. An important element of developmental models is that they assist in assessing normal versus abnormal problems, whether in the individual or the organization.

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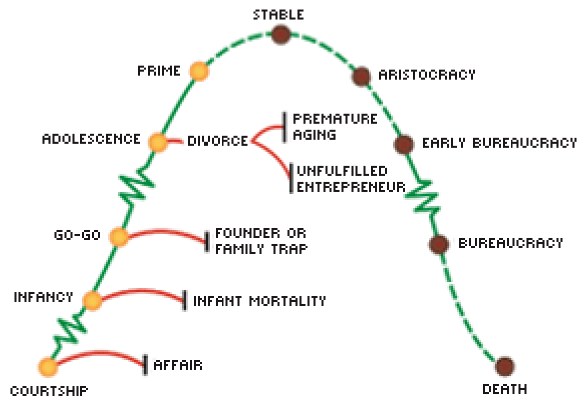
Adizes, The Corporate Life Span (www.adizes.com):



A brief description of each stage follows:

Courtship

The organization exists as an idea in the founder's mind. The task of the founder is developing commitment commensurate with risk, reality testing, thinking through details, being product-oriented, and the founder being in control. The danger of courtship is that the idea must stand up to reality-testing or otherwise, as Adizes stated, "it is only an affair" (Adizes, 1999).

Infancy

"The focus in this stage shifts from ideas and possibilities to the production of results" (Adizes, 1999, p. 33). Sales become the goal, while the reality is that the organization continues to tinker with its product. The sales effort has to be strong or the organization runs out of money and dissolves. The "infant mortality" occurs when the founder suffers from boredom, loses control of his or her creation, or loses liquidity (Adizes, 1999, p. 47). The tasks at this stage are to:

- maintain a product orientation
- respond to questioning investors
- continue commitment
- keep a positive cash flow
- manage risk
- manage lack of managerial depth

There are few systems and no delegation in a one person show. The founder manages by crisis and makes mistakes. The CEO will need a supportive home life, a supportive board of directors, a changing leadership style, access to short term financing, and will need to hone the skills of a benevolent dictator.

Go-Go

The organization has survived infancy and now has good cash flow and is flourishing. Adizes noted that success can lead to arrogance. In the go-go stage everything is an opportunity. Founders diversify and spread the company too thin. If infancy is management by crisis, go-go is crisis by management. Survival depends on policies of what *not* to do, not what *else* to do. To survive the go-go stage, the organization must move from management by intuition and "seat of the pants" to professional management. Adizes (1999) described normal posture and problems of go-go as:

- self-confidence
- eagerness
- high energy
- sales orientation
- seeking what else to do
- sales beyond the capability to deliver
- insufficient cost controls
- insufficiently disciplined staff meetings
- inconsistent salary administration
- leaders surrounded by "yes" people
- increasingly remote leadership
- leadership's inflated expectations
- unclear communications
- hope for miracles
- unclear responsibilities
- company being subject to criticism
- internal disintegration
- cracking infrastructure
- workable, people-centric organizational structure

- everything is a priority
- the founder is indispensable

Adizes described abnormal problems as:

- arrogance
- lack of focus
- energy too thinly spread
- sales and premature profit orientation
- no boundaries on what to do
- selling despite inability to deliver quality
- no cost controls
- no staff meetings
- the leader surrounded by traitors in hiding
- leadership's paranoia
- little or no communication
- reliance on miracles
- lack of accountability
- company object of legal action
- diminishing mutual trust and respect
- collapsing infrastructure
- unworkable, people-centric organizational structure

Everything seems to be a priority! The founder is still indispensable but beyond remedy (Adizes, 1999, p. 74) and is un-coachable.

Adolescence

In adolescence an organization finds life apart from its founder or from any management that behaves like a founder. Often, **"**Conflicts and inconsistencies characterize the behavior of adolescent organizations" (Adizes, 1999, p. 77). Adizes stated that employees have an "us-versus-them" mentality referring to the "old-timers" view of the "newcomers" and there are often inconsistencies in the organizational goals, compensation, and incentive systems. The transition to this stage has the challenges of delegation of authority, change of leadership, and goal displacement. The pain of raising an organization in adolescence is real and often prolonged. Conflicts occur between old-timers and newcomers, founders and professional managers, founders and their companies, and corporate versus individual goals. Normal problems of adolescence include these conflicts and:

- temporary loss of vision
- founder’s acceptance of organizational sovereignty
- incentive systems rewarding wrong behavior
- “yo-yo” delegation of authority
- policies made but not adhered to
- board of directors’ attempt to exert controls
- a love-hate relationship between the organization and its entrepreneurial leadership
- difficulty changing the leadership style
- entrepreneurial role being monopolized and personalized
- integration role monopolized
- lack of controls
- lack of accountability
- low morale
- lack of profit-sharing scheme
- rising profits with flat sales

Abnormal problems include: (Adizes, 1999, p. 91)

- return to go-go and the founder’s trap
- inconsistent goals
- founder’s removal
- bonuses for individual achievement while the organization is losing money
- organizational paralysis during endless power shifts
- rapid decline in mutual trust and respect
- board’s dismissal of the entrepreneurial leader
- excessive internal politics
- unchanging and dysfunctional leadership style

- entrepreneur’s refusal to delegate the role to a depersonalized role
- divide-and-rule management
- imposition of excessive and expensive controls
- profit responsibility delegated without capability to manage it
- excessive salaries to retain employees
- premature introduction of a profit-sharing scheme
- rising profits with falling sales

Prime

Adizes redefined prime as a balance between self-control and flexibility. There is a constant struggle between flexibility and self-control as the two are incompatible. He breaks the prime stage into two parts – early and late.

Early Prime: Described as “vision and values,” they walk their talk. They have:

- an institutionalized governance process,
- controlled and nurtured creativity,
- coalesced goals,
- conscious focus and priorities,
- functional systems and organizational structure,
- predictable excellence,
- growth in both sales and profit margins,
- organizational fertility, and
- intra- and inter-organizational integration and cohesion.

Organizations in prime have a sense of purpose and definition of what they will and will not do. Prime organizations have a vision and values to go along with structure and processes that free their leaders of personalized decision making. The main challenge of organizations in prime is staying in prime.

Late Prime/Fall: Adizes stated that it is difficult to distinguish late prime from early fall. The key is the frequency in which the prime characteristics are present and how long the behaviors persist. An organization in late prime is complacent and is starting to lose flexibility. It suffers from the attitude of “if it ain't broke, don't fix it." It is still results-oriented and well organized and there is less contention and more people are adhering to precedence and what has worked in the past. The stable market position has given it an unjustified sense of security. On the operations profit and loss statements, it is expressed in the rise of general and administrative expenses as a percentage of revenues as opposed to the cost of operations as a percentage of revenues. People go to meetings to protect their interests, not the interests of the organization. Ideas get a hearing and there is little excitement for investigating new territory. The centers of power shift to financial and legal executives. The organization hesitates to take risks. Sales rise but revenues generated by new products that did not exist three years before are declining. The entrepreneurial energy is diminishing. The slide into aristocracy is subtle. From prime on, the lifecycle process is one of deterioration and decay.

Adizes (1999, p. 112-113) identified insufficient managerial depth as a problem of early prime and insufficient decentralization as an abnormal problem of early prime. He went on to state that there are no normal problems of aging. The abnormal problems included:

- signs of disintegration
- decreased entrepreneurial activity
- satisfaction with the results and the process
- reliance on what has worked the in the past
- sense of security
- no sense of urgency
- order for the sake of order
- increasing time spent in the office behind the desk
- increase in overhead as percentage of revenue
- power shifts to staff positions away from line
- increased reliance on hard, measurable data
- decreased attention to judgment
- hesitation to take risks
- loss of vision

Adizes (1999, p. 117) has a comparison table that examines growing and aging organizations.

GROWING	AGING
Personal success comes from *taking* risks.	Personal success stems from *avoiding* risk.
Expectations exceed results.	Results exceed expectations.
The organization is cash poor.	The organization is cash rich.
The organization emphasizes function over form.	The organization emphasizes form over function.
People focus on *why* and *what* to do.	People focus on *how* to do and *who* did it.
People are kept for their contributions to the organization despite their personalities.	People are kept for their personalities despite their lack of contributions to the organization.
Everything is permitted unless expressly forbidden.	Everything is forbidden unless expressly permitted.
Problems are seen as opportunities.	Opportunities are seen as problems.
The marketing and sales departments have political power.	The accounting, finance, and legal departments have political power.
People on the line call the shots.	Corporate staff calls the shots.
Responsibility is not matched with authority.	Authority is not matched with responsibility.
Management drives the organization.	The organization drives management.
Management drives the momentum.	Management rides the inertia.
Change in leadership can lead to change in organizational behavior.	To change organizational behavior, it is necessary to change the system.
The organization needs consultants.	The organization needs “insultants.”
The organization is sales oriented.	The organization is profit obsessed.
The organization exists to create value.	Political gamesmanship governs decisions-making.

Aristocracy

Adizes (1999, p. 154-155) described the aristocracy phase as:

- having reduced expectations for growth
- little interest in conquering new markets, technologies, and frontiers
- a focus on past achievements rather than future visions
- suspicious of change
- rewarding those who do what they are told to do
- more interested in interpersonal relationships than in taking risks
- money spending on control systems, benefits, and facilities

- care more about how things are done than they care about what and why things are done
- value formality in dress, address, and tradition
- employ individuals who are less concerned about the company's vitality but more about the operating motto "don't make waves"
- engender only negligible internal innovation
- they buy other companies to acquire new products, markets, and even entrepreneurship
- are cash rich takeover targets

An organization in aristocracy has a steadily declining flexibility with long range effects. The company produces results but it cannot anticipate them. Goals are short term and low risk. It has sown the seeds of mediocrity.

Coaching Implications of Adizes' Model

Executives benefit from coaching as they confront business and leadership challenges. The nature of the coaching is determined by the specific issues and intended outcomes presented at each stage of the corporate life span.

> ***Courtship:*** The founder is challenged to transform a vision into reality. A skilled executive coach encourages the progression from "interest in an idea" to "commitment." The coach poses questions as a reality check – "What are you likely to face if you move forward with this venture?" "What are the risks?" "What are the potential barriers to success?"
>
> ***Infancy:*** The founder needs to clarify and sell the vision for the organization. Coaching centers on clarifying the value proposition, on communication, and on influencing skills. The coach also works with the founder on sales strategies to establish early wins and secure a financial foundation to move forward.
>
> ***Go-Go:*** The organization is up and running with no shortage of options and possibilities. The coach works with the leader on priorities – making the tough decisions about what to pursue and what to let go. During the go-go phase, the leader needs to establish an organizational structure and a team to carry out the mission. During this phase the coach works with the leader on

organizational development, on staffing, and on rudimentary management skills. Finally, the coach addresses the assumptions behind decisions to expand into areas that are not core to the business; the arrogance factor.

Adolescence: The organization moves from "forming" to "storming." The founder must be prepared for disagreements, role confusion, and conflict. An executive coach works with the founder to successfully navigate these challenges through engagement. They engage key team members in resolving issues so that they feel heard and valued. At this stage the founder must learn to let go and delegate many of the decisions and functions that he or she performed unilaterally in the early stages of corporate development. The key recurring conflicts in adolescence are between departments who say no (legal, HR, accounting) and departments whose function is to say yes (sales, marketing) versus production which is caught in the middle. The coach needs to normalize these conflicts for the executive while at the same time working with the executive on defining accountability and authority, developing cross-departmental decision making and communication processes, and being aware of falling back into old behavior patterns from the go-go phase.

Early and Late Prime: In prime, the organization is thriving. The founder has succeeded in establishing structures and processes consistent with the organization's vision and values. The coach encourages the founder to celebrate and build on success. Take time out to capture what worked well to get the organization to this level of prosperity and also to identify what could be even better in the future. The coach continues to ask, "What next?" "Where do you go from here?" Without this constant reminder, the founder could easily become complacent. If prime is a dialectical tension between self-control and flexibility, then the coach has to work with the executive on which side of the tension the strategic decisions are falling; what are the optimistic, neutral, and pessimistic scenarios that can be anticipated; what data and how reliable and valid is the data that will be used to evaluate the decisions during and after they are executed; and what decision criteria will be used to make adjustments.

Aristocracy: In this phase, the organization is too comfortable. The founder may have settled into a "don't rock the boat" mentality. A skilled executive coach will challenge the founder to confront his or her own lack of vision for the future. "Is this all there is?" "What's next for you – either here or elsewhere?" "Are you the best leader to take this organization into the future?" In aristocracy, the organization has lost its entrepreneurial energy and looks outside. The coach can be helpful in assisting the executive in identifying how the organization stops this function with certain policies and procedures – sub-groups that want to play it safe, just say no, and then evaluate the current talent in those areas to see if they have the skills or not or are just suppressed by the systems.

Conclusion

The implications of utilizing the Adizes model in coaching and consulting can be vast and profound. The approach helps normalize many of the tensions organizations face and are unaware of because they are not considering developmental, long-term process. Adizes' theory and model provides key initiatives and areas of focus to ensure healthy movement through each stage. The model can also alert organizations and leaders to development that is "abnormal." These abnormal behaviors must be addressed in order for the organization to move and survive, much less thrive. Identifying abnormal behavior is the first step in remedying it. The model specifically addresses the behaviors required of the founder/CEO at each stage, thus providing a mirror to the executive and key insight to a coach supporting an executive. Leaders are typically open and interested in stepping back from the day-to-day challenges to view their organizational progress from this perspective.

Reference

Adizes, Ichak. (1999). *Managing Corporate Lifecycles.* Santa Barbara, CA: Adizes Institute.