

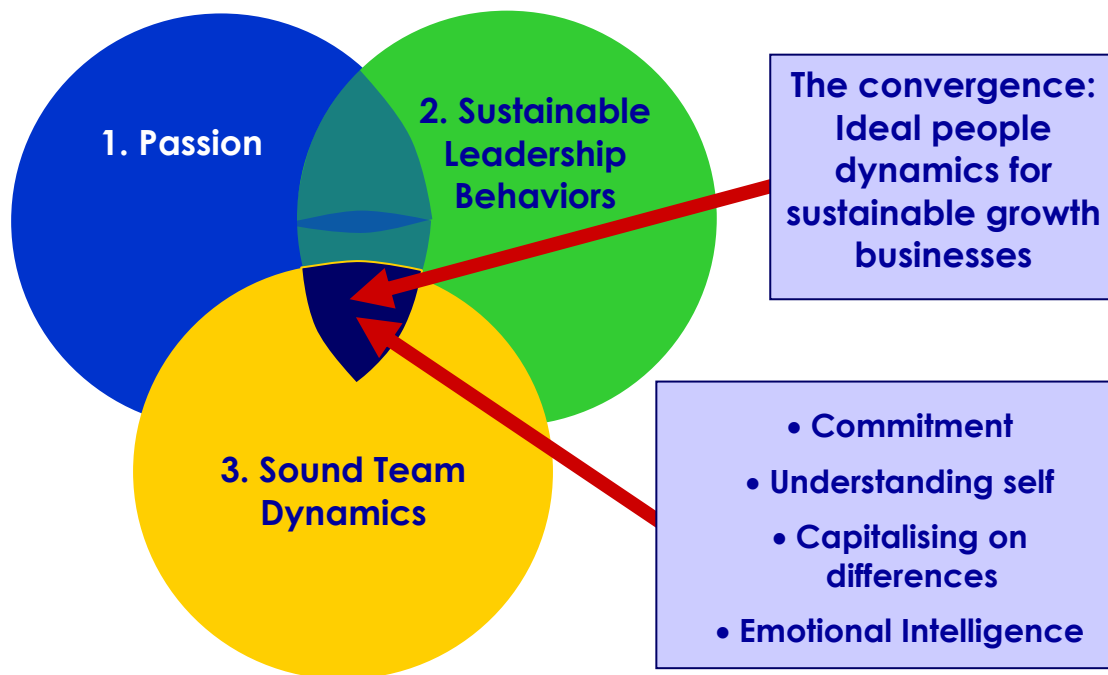
**The Ideal People Dynamics for Sustainable Growth Businesses – by Hugh Massie**

As stakeholders considering or actually dealing with growth businesses in some way, we all want to know the same thing: Can we predict whether this business will survive and potentially become a winner? Does the business have sustainability?

Most would agree that fundamental to the success of the business will be the quality of its leadership and maintaining sound team dynamics in the long term. What does this really mean? How do we assess this? A lot of wasted time and resources can be saved if you have a reliable process that can be adopted in the due-diligence phase to help lead you to an informed conclusion.

I am now going to take you on a quick journey to give you a formula for discovering whether a growth business has the right people dynamics for sustainable growth. Of course, this is not easy since understanding people is a complex matter. How the leader and the team behave under pressure is even more of a challenge to predict.

**The Formula**



Absolutely key to the formula is that the business leader must have a significant passion that is aligned to the foundation of the business. Then the leader must also have the appropriate behavioral traits that will continuously provide fuel to drive the passion for enabling sustained business performance. If these components are not there then there is no point going further in the assessment. With these components in

place, then how the leader connects to his team and maintains sound team dynamics is the next crucial factor for the long-term sustainability of the business.

## **1. Uncovering the Passion**

In my own business career, having been presented with many opportunities to invest capital in a growth business or spend time analysing its potential, my initial approach is to ask the business leader and/or founder what his or her “passion” was. What was their primary driver or purpose for being in this particular business? So often I have been given superficial answers indicating that the leader (founder most of the time) was in the business only to make a lot of money, this is the way of the future, or comments like “ah, I am committed and can see the business making a mozza if I get the strategy right” or “I have spent a lot of time developing a unique product that will rake it in”.

Our passion generally comes from deep within us and is triggered or developed by a mature awareness of a talent, belief, interest, experience or strong desire. Whilst the drive for profits must be present to sustain and grow any business, the passion must be present for the long-term. For example, some people have a strong desire to change an industry or otherwise make some fundamental change, which results in them wanting to develop something. Passion is not yelling down the corridor at your staff or allowing your ego to present blinded views whilst on the podium. The following quote by John D. Rockefeller sums it up very well:

*“Passion ignites every chamber of our being. We are beholden to our senses for that electrifying experience.”*

I have now adopted the more abrupt approach of terminating the due diligence process straight away if the business leader could not quickly connect his true passion to the business or exhibit it to me. Based on my lessons learned it is highly likely that the business may not have a sustainable foundation to survive and prosper. There are a number of disastrous outcomes that may occur, including:

- The leadership will not stay committed to the business when it gets tough and things do not go to plan, and undoubtedly there will be difficult times.
- Necessary changes will not be made in the business when needed.
- There is insufficient positive spirit and motivation to inspire the team to work productively.
- The customers are not motivated to continue buying the business’ products.
- The leader may personally self-destruct due to emotional pressures and then make irrational decisions that eventually crash the business.

## **2. Sustainable Leadership Behaviors**

Based on my own experience of leading early stage businesses and pioneering new product development and commercialisation, you will encounter and need to overcome a number of very challenging problems. Sometimes, I equate it to being in the “dark zone”. Very often you cannot see anything because the path and circumstances are new and unclear.

What drives leaders to keep going? In addition to the passion, there are also certain natural behaviors that revolve around resilience which provide strong indications of a leader’s sustainability when under continuous pressure.

Being able to accurately measure the right behaviors of a leader is not easy. However, with the use of a highly validated behavioral assessment process then it is possible to quickly get a reliable prediction of whether the leader has sufficient capability under pressure to drive their passion for sustained performance.

For the purposes of this article talent means “.....any recurring patterns of *behavior* that can be productively applied are talents” (Source: First Break All the Rules by Marcus Buckingham and Curt Coffman). In focusing on behaviors in this article I am not addressing values, interests, skills or knowledge, which nevertheless are very important. However, whilst I argue that skills and knowledge can be taught, talents cannot be as they are more naturally hard-wired.

In an overall sense, there is no one behavioral profile of a leader that is better than another. Many great leaders have a dominant natural talent that they understand how to maximise. However, depending on the business, its industry and stage of development there are certain behavioral traits that are required.

### Primary Talents (“Behaviors”) Required

Based on our research, the trend we have seen is that successful leaders of growth businesses have a high score against the population in at least one of these three measurable natural “hard-wired” behaviors (preferably all 3). These behaviors traits are the propensities for:

1. Initiating Change – setting the agenda, influencing, take charge (“Assertiveness”)
2. Being a Pioneer – staking new territory, opportunism, competitive (“Ambition”)
3. Persistence – being goal driven, productive, focused (“Achieving”)

Typically, in early stage businesses where there is a need for the leader to be the “rain-maker” in the sales effort. Those types who have the greatest resilience and drive to sustain the sales effort often exhibit significant strength in all 3 of these behaviors.

Going deeper into this we often see that the person who was the “quick start”, that initiated the ideas and founded the business, is not always the right person to take it to the next level. The quick start syndrome is more prevalent if the above 3 primary behaviors are not sufficiently strong. One could point to the second 2 behaviors of being a Pioneer and Persistence as being even more important to sustaining the drive during the growth phase after the business has been kick started. With more established growth businesses a leader with sufficient talents for Implementation (refer below) and Persistence could prove successful.

### Other Relevant Supporting Behaviors that can be Measured

Some other natural “hard-wired” behaviors that support the primary ones can be measured and may be important for the sustainability of a growth business are:

1. Self Reliance - independent thinking and getting it done (“Independence”)
2. Innovation - develops new ideas, problem solving, (“Resourceful”, “Innovative”)
3. Risk Propensity – chance taking, courage, venturesome (“Daring”)
4. Results – outcome focused, quick decisions, deal with change (“Detached”)
5. Direct Communication – ability to be clear (“Blunt and Verbal”)
6. Networking – gathering new ideas from people, people connections (“Social”)
7. Implementation – details, structure, organisation (“Conscientiousness”)

Overall, it is the make-up and interaction of all these behaviors that is important, and it is not possible for one person to have strengths in all these areas. However, some of these behaviors coupled with one of the 3 primary behaviors could be the catalyst.

### **3. Sound Team Dynamics**

There are a number of factors that enable sound team dynamics, a key for long-term success, to be developed. Very definitely, how the leader connects to the team (exhibiting the right behaviors as outlined above), is critical.

#### *Commitment to the Team Relationship*

Everybody in the team and the leader must be committed to the business and their relationships with each other as colleagues. To build the right relationship culture there must be trust. Trust is developed based on an understanding of each other, acceptance of each other's differences and mutual respect.

Being able to accurately measure each person's key behavioral traits and easily communicate them in empowering and non-threatening language is very important in building sound team dynamics.

#### *Understanding Self*

The requisite starting point is for everyone on the team to objectively understand his or her own behavioral style. They must work with their strengths and be prepared to openly admit their struggles. The first person to initiate this is the leader. One thing we know is that you cannot fully understand others unless you firstly have an objective understanding of yourself. It is invaluable for the leader to also be able to learn about the team and have the courage to adapt as well as "stretch" his behavior to meet the needs of each team member (and the team members with the leader).

#### *Capitalising on Differences*

By having an understanding of self the leader can develop a greater awareness of what talents are missing. This means it becomes possible to hire the right people to fill the gaps and balance the team out. Further, poor hiring is costly to the business and usually very disruptive to the rest of the team. There is a great deal of truth in the statement people get "hired for their skills and knowledge and sacked for their behavior". What this is really saying is that the person's behavioral talents did not match the role – "a square peg in a round hole", leading to poor performance. This can be true even when their skills and knowledge was an excellent match.

Many leaders fall foul by hiring people who are similar to them when it is not needed or appropriate. This is the number 1 hiring mistake in business. In this case, the leader runs the risk of having a team predominately seeing the world the same way and sharing the same "blind-spots". When times are challenging this could set the business up for a crash. Ultimately, differences are assets that can be capitalised on.

Equally so, differences can divide which means it is critical to developing sound dynamics for each team member to understand themselves and know why each other is different. This will help in building the

trust, and lifting performance. There is now plenty of research indicating that the primary reason for a person leaving a business is a poor relationship with their immediate superior.

### Emotional Intelligence

One of today's catch phrases for leadership success is Emotional Intelligence ("EQ"). Daniel Goleman an internationally recognized researcher and author on EQ explained it as:

*"Emotional intelligence is a different way of being smart. It includes knowing what your feelings are and using your feelings to make good decisions in life. It's being able to manage distressing moods well and control impulses. It's being motivated and remaining hopeful and optimistic when you have setbacks in working toward goals. It's empathy; knowing what the people around you are feeling. And it's social skill-getting along well with other people, managing emotions in relationships, being able to persuade or lead others."*

Being able to assess and measure a leader's EQ is now possible and with guidance can be developed in every person. The 4 pillars for the development of EQ are: (i) understanding of self, (ii) social awareness, (iii) self-management and (iv) management of others.

Clearly, the leader's EQ will be another significant factor in the sustainability of the business, as it is foundational to maintaining sound team dynamics and great relationships with all of the stakeholders.

Mistakes are usually made as a result of tough business issues being badly handled under pressure. Often this is caused by an emotional explosion that is reflected in a lack of trust, clouded judgment and poor handling of people. While I have argued throughout that passion and the right behaviors are critical, they will become a blind-spot if not checked with a clear understanding of one's own behavioral leadership style and the impact of that on others.

### Conclusion

No doubt the right products, financial alignment for all of the stakeholders, skills and capital are needed for business success plus many other forces working in favour of the business. However, it is fundamental to the success of any growth business that there is no shortage of a contagious passion from the leader who is driven by the right behaviors, and who has sufficient ability to develop sound team dynamics. You will know when all of the stakeholders, internal and external, are happy.

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#### **About the Author:**

Hugh Massie is the President of Financial DNA Resources. In his work as a Wealth Mentor, Hugh specializes in human behavioral discovery using the proprietary Financial DNA<sup>®</sup> Discovery Process to liberate and empower people, families and organizations internationally to implement committed wealth creation decisions aligned to the core of who they are. Hugh is the author of a book "Financial DNA<sup>®</sup> – Discover Your Unique Financial Personality for a Quality Life".