MANAGING THE GROWING COMPANY (Intensive Summer Version)  
Summer “A” Term 2015

**Instructor:** Michael Preston

**Course Number:** B8530

**Time and Dates:** All Tuesday and Thursday class are scheduled from 1:30pm to 4:45pm. Friday classes are scheduled from 9:00am to 2:30pm.

**Room Number:**

**How to Contact:** Cell Phone: (631) 903-9318 (Before 9:30pm please)  
E-mail Address: mp449@columbia.edu

**Course Description, Objectives and Approach:**
Growing a business beyond the start-up stage can be equally as daunting and challenging a task as the creation of a business. However, to progress to this stage of growth as a small and medium size business, requires the entrepreneur, owner/manager to adopt a very different, almost opposing, set of management skills to be successful.

The course is focused on the challenges and opportunities of managing a growing company and emphasizes practical management methods and techniques. Students learn about the key aspects of growth management including: leadership, planning, organization structure, operations, financial management and accounting, information systems and human resources. Case studies and guest lecturers have been selected to represent a wide variety of industries and not for profit organizations in growth situations. Also, we will consider the impact of family relationships on the entrepreneur in managing the business in transition. In addition, course topics include the exceptional challenges faced by companies that go through rapid expansion and the many innovations managers are developing to respond to rapid growth. The course does not address the start-up phases of a business that include identifying the opportunity, preparing the business plan and obtaining the start up resources.

The course is aimed at four types of students: (1) those interested in growing their own or family companies beyond the start-up stage, (2) those who will be investing in or providing financing to small and midsize companies, (3) those who want to manage growth in established companies, and (4) those who want to consult to or advise companies that are attempting to grow.

**Teaching Methods and Course Materials:**
The course will include case studies, lectures, required readings, guest lecturers and a small-group term project. Topics will include not only the general growth issues facing the growing small and medium size company but also the exceptional challenges faced by rapidly growing organizations in various industries.
The course is structured around a series of case studies involving real companies and some of the cases have several segments that follow the company through multiple stages of growth and changing circumstances. Most of the cases will be in the course packet with some related sections handed out in class. The materials distributed in class are noted in the syllabus below with an asterisk. Additionally, there will be readings in three texts as follows:


Kwestel, Mendy; Preston, Michael; Plaster, Gary; The Road to Success: How to Manage Growth, John Wiley & Sons, Inc., New York, NY 1998. (Referred to as The Road to Success). Copies of The Road to Success will be distributed in class along with the casebook.

There will be readings assigned from an additional text which will be made available on Canvas and will be on reserve in the library as follows:


**REQUIRED PREREQUISITES AND CONNECTION TO THE CORE**
The learning in this course will utilize, build on and extend concepts covered in the following core courses:

<table>
<thead>
<tr>
<th>Core Course</th>
<th>Connection with Core</th>
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<tbody>
<tr>
<td>Leadership Development</td>
<td>1. Application of leadership concepts to the small &amp; medium size business</td>
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<tr>
<td></td>
<td>2. Examination of the need evolve as a leader and to develop and apply new leadership</td>
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<td></td>
<td>styles as a company grows</td>
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<tr>
<td>Operations Management</td>
<td>1. Application of Operations concepts to the small &amp; medium size business</td>
</tr>
<tr>
<td></td>
<td>2. Examination of production decisions as a company transitions through different</td>
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<tr>
<td></td>
<td>growth stages</td>
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<tr>
<td>Strategy Formulation</td>
<td>1. Recognition of the need to evolve from an entrepreneurial approach to a more</td>
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<td></td>
<td>professional evidence based methodology as a company expands</td>
</tr>
<tr>
<td></td>
<td>2. Examination of strategy formulation approaches including off-site retreats as the</td>
</tr>
<tr>
<td></td>
<td>company grows</td>
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Students will be expected to have mastered these concepts and be able to apply them in the course.
Expectations and Grading

This course is an intensive version of a course usually taught over the normal 13 week term. The 12 class sessions this term will be given over a five week period on Tuesdays, Thursdays and two Fridays. The final project report is due at the end of exam week, see the detailed schedule below. Due to the concentration of the class sessions, greater emphasis will be placed on class participation and less on written case analyses.

As the course is based primarily on case studies, it is expected that you will review the cases and readings and be ready to participate in the class discussions. This participation will aid your learning and the learning of your classmates. The cases are based on real companies and these course materials have been chosen to provide you insights, not absolute answers. Thus, the greater your preparation and participation the more you will learn. The grading structure is weighted on this basis as follows:

- Class Participation: 45%
- Written Case Analysis: 10%
- Term Project: 45%

Written Case Analyses

A two page written case analysis will be required for at least one of the eight assigned cases. If you wish, you may hand in more cases for extra credit. Detailed guidelines on the case write up will be provided to you at the first class meeting. The case is due at the beginning of the class at which the case is discussed.

The Term Project

Managing the Growing Company is a course devoted to the issues facing managers in companies that are in transition, that is, companies that are trying to grow from the startup stage to become professionally managed, established enterprises. As a result, the term project should answer the following question: *What differentiates a company making a successful transition from one that is unsuccessful?* You will need to identify at least one specific company (i.e.: a company that has made or is attempting to make the transition) and develop the concepts discussed in class. Growing not for profit organizations are also acceptable. You should focus on the management processes and key strategic choices that have been made with two goals in mind:

1. Evaluating the company’s effectiveness in managing growth and
2. Developing recommendations to improve growth management in the future.

This should be done as a group project. Early in the term the students should form groups and it is expected that every student will be on a team. You will want to select a company from the business press or one that you may know of. Other sources are Private Equity and Venture Capital firms which are interested in having MBAs review companies they own or are considering as an investment. You will want to interview the company’s owners and management as well as do library research to support your hypotheses and conclusions. A one-page summary of the project must be approved by me and is due by class 5, Thursday June 11th. During the last class session of the term a representative of each group will present a summarized version of their report, Thursday June 25th. The completed project written report is due on Thursday July 2nd.
Guest Speakers
The final hour of each class session is usually devoted to a guest speaker who will speak on his or her experiences in managing growth. In some instances, the speaker will be the individual discussed in the case study for that class. I ask each speaker to leave time for Q & A during class and to remain after class to answer questions one on one with interested students.

Contacting the Instructor
Meetings with the Professor can be made by appointment and will be in room 218f which is located in the Adjunct Faculty Area in Uris Hall. If you have a quick question or wish to make an appointment, call me or contact me by e-mail at the numbers listed on the front page.

AN OVERVIEW OF THE COURSE
The course outline is provided below. It may be necessary during the term to adjust the sequence of sessions or modify teaching materials to accommodate guest speakers or to reschedule for other reasons. If this should occur, a revised, dated syllabus will be issued. Cases noted with an asterisk below will be distributed in class.

Class Session 1-Thursday May 28, 2015
Introduction to the Course and Overview
READING:

- Evolution and Revolution as Organizations Grow (HBR)
- Hitting the Wall (Inc Magazine)
- Five Stages of Small Business Growth (HBR)
- Managing the Growing Venture (HBR)

GUEST SPEAKER:

Need to form teams and begin identifying potential companies for the term project

Class Session 2 – Tuesday June 2, 2015
Leadership
READING:

- Why Entrepreneurs Don’t Scale (HBR)
- Managing Transitions in the Growing Enterprise (HBR)
- Growing Pains, Chapter 11 “Effective Leadership” pp 272 to 297
CASE: Room & Board*

Questions for the Room & Board case

• What style of leadership do you think John Gabbert used in growing Room & Board? Explain.

• Considering the “stage” of the company and John’s age, should he make changes in the leadership structure to continue the company’s positive track record? If no, why not and if yes, what changes would you make?

• What considerations should John think about as he tries to continue the company’s unusual business model, culture and employee environment? Do a brief SWOT analysis.

• What would you do if you were in his “shoes”?

GUEST SPEAKER

Class Session 3 – Thursday June 4, 2015

Strategic Planning

READING: Managing the Small to Mid-Sized Company, Chapter 4 “Organizational Vision for the Small to Mid-Sized Company” pp 23-42

The Road to Success, Chapter 2 “Developing a Strategic Plan,” pp 17 to 38

CASE: Kronos Incorporated (A) and (B)*

GUEST SPEAKER

Class Session 4 – Tuesday June 9, 2015

Organization Structure

READING: The Road to Success, Chapter 3, “Building Your Team,” pp. 39 to 58, Chapter 8, “Forming a Board of Directors”

Growing Pains, Chapter 8, “Organizational Structure,” pp 188 to 213;

CASE: QMI (A)

GUEST SPEAKER
Class Session 5 - Thursday June 11, 2015

**Operations**

READING:  Growing Pains, Chapter 10 “Organizational Control and Performance Management Systems,” pp 243 to 271

CASE:  QMI (B)

GUEST SPEAKER:  
Need to submit a one page description of the subject company for the term project

Class Session 6 - Friday June 12, 2015

**Human Resources**


CASE:  Johnsonville Sausage Co. (A) and (B)*

VIDEO:  Ralph Stayer of Johnsonville Sausage…Lecture at Harvard

GUEST SPEAKER

Class Session 6A - Friday June 12, 2015

**Industry Topic:** Managing a Real Estate Firm or Managing Professional Services Firms

Class Session 7 – Tuesday June 16, 2015

**Financial Management**

READING:  The Road to Success, Chapter 4, “Developing a Management Information Reporting System,” pp 59 to 82
CASE: The National Studios Case*

GUEST SPEAKER: 

Class Session 8 – Thursday June 18, 2015

Information Systems

READING: The Road to Success, Chapter 5, “Implementing Information Technology and Controls,” pp 83 to 120
Growing Pains, Chapter 5 “The Professionalizing Stage: Developing Management Systems,” pp. 93 to 118
Six IT Decisions Your IT People Shouldn’t Make (HBR)

CASE: LICC*

GUEST SPEAKER: 

Class Session 9 – Friday June 19, 2015

Managing Post Start-up

READING: Growing Pains, Chapter 2 “Identifying and Surviving the First Four Stages of Organizational Growth,” pp 26 to 47
and Chapter 3 “Recognizing Growing Pains and Assessing the Need for Change,” pp 48 to 70

CASE: Neverfail Computing (B), (C)* and (D)*

GUEST SPEAKER: 

Class Session 9A – Friday June 19, 2015

Managing Rapid Growth

READING: Stumblers and Stars in Management of Rapid Growth (Journal of Business Venturing),
Managing Rapid Growth (HBR)
CASE: The Knot (A), (B)

GUEST SPEAKER:

Class Session 10 – Thursday June 23, 2015

Managing Growth in a Family Business

READING: Managing the Small to Mid-Sized Company, Chapter 11, “The Family Business”, pp 134-149
The Road to Success, Chapter 6, “Planning for Succession”, pp 121-135

CASE: Mitchells/Richards

GUEST SPEAKER:

Class Session 11 - Thursday June 25, 2015

Course Wrap-up & Term Project Reports

Thursday, July 2, 2015, Final Term Project Reports Are Due