

ART OF ● ● ●
SCALE

**JOURNAL FOR
REFLECTIONS**



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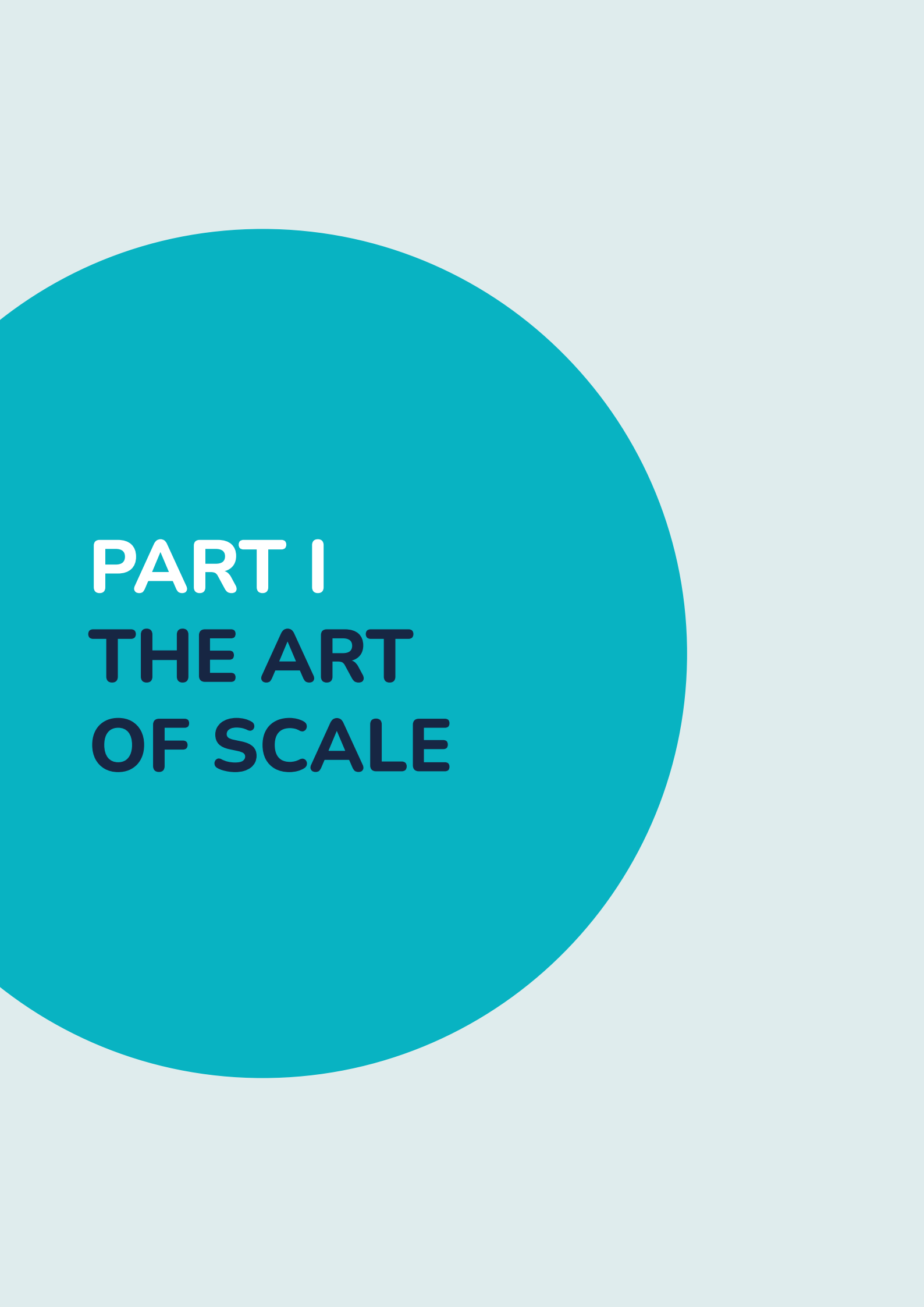


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PART I
THE ART
OF SCALE



CHAPTER 1: THE CHALLENGE OF SCALE - THE WHIRLWIND IN NO MAN'S LAND

“What got you here, won’t get you there.” - **Marshall Goldsmith**

Key points roundup

- Scaling is hard, and most founders fail to scale.
- No Man’s Land is the point you reach when your business is too big to be small, but too small to be big - and certainly too big to be managed as a small business.
- The way out of No Man’s Land is to become an apprentice and master the Art of Scale. Doing so will help you beat the odds, scale up, and have a more rewarding business and personal life.
- You have a choice: retreat (stay small), retool (adopt and apply the Art of Scale), or resist (at your peril).

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- No Man’s Land self-assessment worksheet on ArtOfScale.io (see Tools and Templates).
- Reflections journal.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- The E-Myth revisited: Why most small businesses don’t work and what to do about it, **Michael E. Gerber**
- No Man’s Land: Where Growing Companies Fail, **Doug Tatum**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Are you in No Man’s Land?

- Are you retreating, retooling, or resisting?
 - a. Retreat:** Consciously remain a great small business.
 - b. Retool:** Become an apprentice of the Art of Scale, to scale well.
 - c. Resist:** Feel the growing pains, continue to grow, make little change.





CHAPTER 2: THE PHYSICS OF FAILURE: WHY MOST COMPANIES FAIL TO SCALE

“The number one competitor you have is the tyranny of the urgent.” - **Doug Tatum**

Key points roundup

- Most companies don't scale or make money when bigger, because of the death of the startup advantage.
- The startup advantage is: small and young = faster, better, cheaper = higher value to customers
- But, with growth comes the death of the startup advantage, because of the physics of scaling, including the first three laws of scale: the laws of competition, of complexity, and of size.
- **LAW 1** - The law of **competition**: profit attracts competition, which kills profit.
- **LAW 2** - The law of **complexity**: Growth creates complexity, which kills growth.
- **LAW 3** - The law of **size**: Growth requires more people, which results in more complexity with less connection, care, commitment and control, which kills growth.
- The first three laws act together and lead to the death of the startup advantage: when growth makes you mediocre and gets you trapped in a fight for survival. This is the negative side of the physics of scale.
- The irony of the physics of scale is: success = growth = size + complexity + competition = death of startup advantage = decline = stuck in No Man's Land.
- The implications for you are: chaos, stress, decline, crisis after crisis, and a vicious cycle of stuckness.
- To scale, you need to beat the odds by applying the Art of Scale.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find summaries of the main ideas on ArtOfScale.io (See Top Books).

- Growing Pains. **Eric Flamholz and Yvonne Randle.**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Which of the dynamics described under ‘When the first three laws come together’ do you recognise?



- Is your leadership team aware of the first three laws of scale?

- Is your leadership team consciously working to minimise complexity and organisational size in the way that you scale? (See Parts II - V of the book for more on how to prepare.)

- Is your business prepared for the death of the startup advantage? (See Part II of the book for more on how to prepare.)

- If your leadership team has a 'energy battery' with a charge level between 0% and 100% reflecting energy and passion levels and 0% reflecting empty (or totally burnt out by chaos and complexity), what is your team's current 'charge' level?

- What will you do about it?

CHAPTER 3: THE SCIENCE OF SCALE - HARNESSING THE LAWS OF GROWTH WITH PROVEN DISCIPLINES

“Growth is never by mere chance; it is the result of forces working together.” – **James Cash Penney**

Key points roundup

- To exit No Man’s Land, you need to fight the war you’re actually in, not the one you want to be in. You are in the scale up battle, not the startup battle. To succeed, you need to learn to lead a scale up.
- There is a science of scaling. It is a collection of 12 fundamental laws that will govern your success or failure as you scale. That’s good news, because laws are predictable and can be harnessed to succeed. But scaling without respecting them is dangerous.
- The previous chapter covered the first three laws that explain the physics of failure.
- This chapter covers the nine secrets of success: the laws of simplicity, of capacity, of lifecycle stages, of strategy, of team, of systems, of money, of scale up leadership, and the law of steady progress.
- **LAW 4** - The Law of Simplicity: Simplify processes and systems to ensure your company can handle complexity, enhancing scalability and growth.
- **LAW 5** - The Law of Capacity: Focus on Strategy, Team, Systems, Money, and Founder-Leadership to enhance scalability and address future challenges by identifying and strengthening weak points.
- **LAW 6** - The Law of Lifecycle Stages: Leading a company requires evolving strategies at each lifecycle stage, similar to how parenting approaches change as a child grows.
- **LAW 7** - The Law of Strategy: Focus on high-demand products with minimal competition and streamline operations to reduce complexity and enhance scalability.
- **LAW 8** - The Law of Team: Delegate responsibilities to a team of high-performing A-players. Hire and retain top talent.
- **LAW 9** - The Law of Systems: Align your team with effective systems. Scalable systems support growth.
- **LAW 10** - The Law of Money: Cash flow is crucial for business survival. Ensure financial visibility, manage cash flow efficiently, and prepare for tough times by maintaining strong cash reserves.
- **LAW 11** - The Law of Scale Up Leadership: Align your purpose and role. Scale yourself and maintain your spark.
- **LAW 12** - The Law of Steady Progress: Break down the scaling process into 90-day goals, execute, and repeat to make consistent progress.
- This can feel like a daunting task, so take it one step at a time. Identify your most urgent scalability gap, and fix it. Then, repeat every 90 -days.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- Scale This Next.
- Reflections journal.
- Curated book summaries to go deeper.



Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on Artofscale.io (See Top Books).

- The E-Myth, **Michael Gerber**.
- Scaling Up, **Verne Harnish**
- Growing Pains, **Eric Flamholz**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Which of these nine secrets of success is your leadership team strong at?

- Which of the nine secrets of success is your leadership team’s Achilles heel?



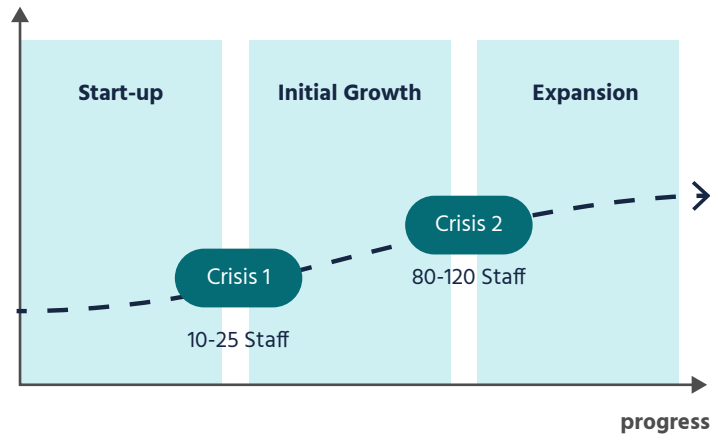
CHAPTER 4: THE PATH TO SCALE - GROWTH STAGES, DYNAMICS, KEYS

“Growth is painful. Change is painful. But nothing is as painful as staying stuck somewhere you don’t belong.” - **N.R. Narayana Murthy**

Key points roundup

- To exit No Man’s Land, you need to fight the battle you’re actually in – scaling up - not the one you want to be in – starting up. You need to adapt your leadership priorities and approach to the demands of your business’s present lifecycle stage, and keep doing this as you scale.
- The Path to Scale™ is a framework that will help you understand the typical stages of growth a company goes through during its lifecycle, the characteristics, challenges and keys to success for each stage, where you are right now, and how to lead and build the business in each stage in order to succeed.

THE PATH TO SCALE™



FINDING something worth scaling

Product/service not proven, business model evolving

1-10 staff

No formal mgmt. team or processes

BUILDING a successful business

Proven product, mostly defined business model

25-80 staff

Small mgmt. team basic mgmt. processes

EXPANDING to become market leader

Multiple successful, product/services, stable business model

120+ staff

2+ level mgmt. team, sophisticated mgmt. processes & systems

- Embracing scaling up means making several leadership shifts – individually and collectively – to win the scale up battle by adopting the leadership goals and approach required to succeed.
- Most founders are unaware of the crucial differences between lifecycle stages, and do not make the required adjustments in time to avert disaster. This explains many ‘failed to scale’ stories.
- Don’t be one of those stories. Choose to lead your company well on the Path To Scale™.
- Identify your company’s lifecycle stage, then adapt your leadership as required.

Tools





See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- Scale Up X-Ray – lifecycle stage assessment.
- Path To Scale™ Lifecycle Stages poster.
- Curated book summaries: Leading at the Speed of Growth; Growing Pains; Managing Corporate Lifecycles.
- Reflections journal.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Leading at the speed of growth, **Katherine Catlin and Jana Matthews**
- Growing Pains, **Eric Flamholz**
- Managing Corporate Lifecycles, **Ichak Adizez**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Which life cycle stage are you in?

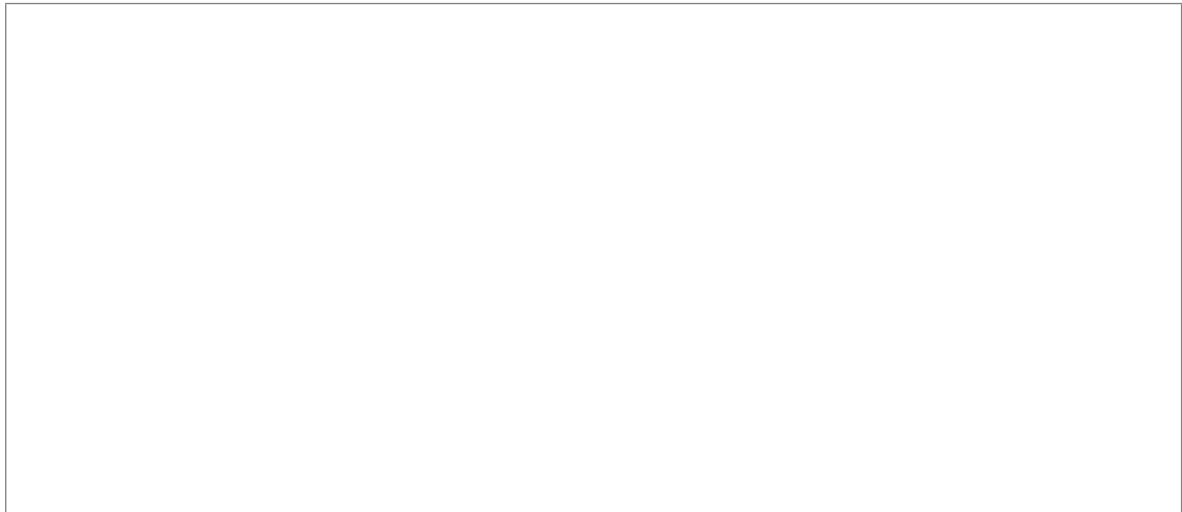
- Is your team aware of the keys to success and necessary leadership shifts to make in this stage?

- Are your strategic priorities aligned to the key milestones for this stage?

- Are you playing the sort of leadership role required of you in this stage?

- Are the primary cultural dynamics in your business aligned to what's required in your lifecycle stage?

- What adjustments must you make?



CHAPTER 5: THE ART OF SCALE - MASTERING THE CRAFT OF COMPANY BUILDING

“When we talk about scaling a company, we’re not just talking about growing it. We’re talking about improving its ability to handle growth.” – **Reid Hoffman, LinkedIn**

Key points roundup

- In addition to a science, there is also an Art of Scale: adapting the science of scaling to your context.
- Because leading a scale-up is a craft, to become an effective leader you need to master your craft.
- As with other crafts, you get better by mastering the individual disciplines and tools, through deliberate practice.
- It’s up to you – will you make a conscious decision to focus deliberately on mastering the Art of Scale?

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Will you make a conscious decision to focus deliberately on mastering the Art of Scale?



**PART II THE
ART OF
STRATEGY**



CHAPTER 6: THE ART OF STRATEGY - SET YOUR SAILS TO CATCH THE WIND

“Victorious warriors win first and then go to war, while defeated warriors go to war first and then seek to win.” – **Sun Tsu, Art of War**

Key points roundup

- To scale, don't paddle harder; set your sails to catch the wind by being #1 in your core market.
- Being #1 is the most powerful factor in producing strong company financial health and performance, because of the virtuous cycle of market dominance. Being #1 makes it easier and cheaper to get and keep new customers, with better margins and cash flows, creating the opportunity to invest in staying ahead.
- That is why the first principle of strategy is: Be #1. Be the best and dominate in your core market.
- The goal of strategy work is: define where (which market segments, needs, products/services, channels) and how (what differentiation, secret sauce, repeatable model) you will be #1. Unpacking how is the focus of the next chapter.
- Avoid trading riding the wind for manning the oars, through 'growth by opportunity' (as compared to growth by strategic focus) and growing beyond your core too early.
- Instead, grow by deliberate strategic focus on achieving dominance in your core market. Stay focused on wrestling the obstacles to the ground.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools).

- See next chapter for tools

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Profit from the core, **Chris Zook and James Allen**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Is your business paddling hard or riding the wind?

- Are you inherently differentiated in your market? Is your differentiation scalable? Will it survive the death of the startup advantage?

- If yes, why are you so sure? What underpins your sustainable differentiation? What is your secret sauce?

- Does your leadership team lead with strategic discipline? Do you focus on the tiny number of critical things to be #1 in your market, and say no to other seemingly attractive opportunities?

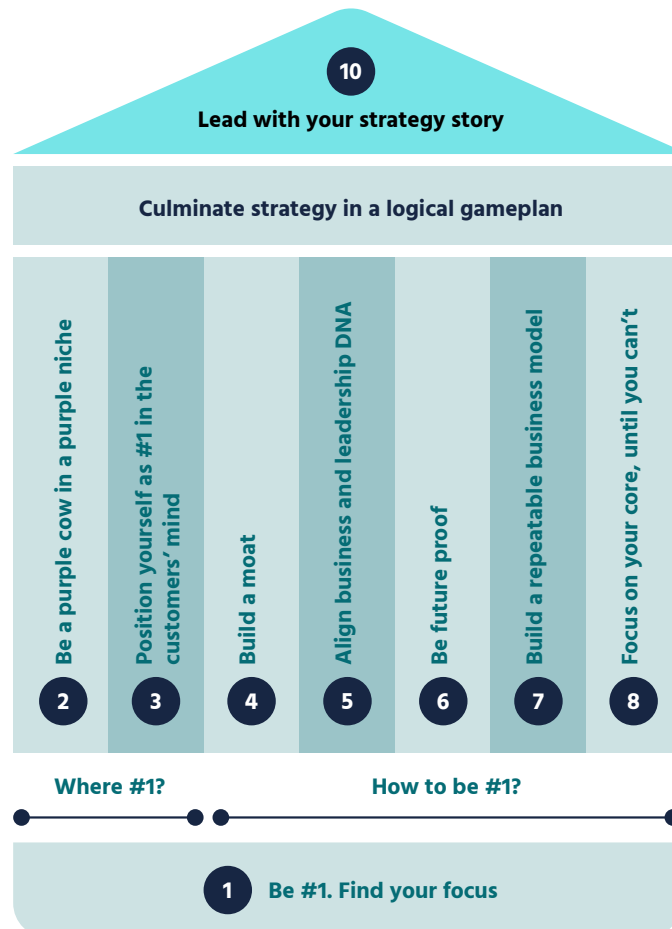


CHAPTER 7: THE 10 PRINCIPLES OF STRATEGY - WHERE AND HOW YOU WILL BE #1

“Strategy is figuring out what not to do.” – **Steve Jobs**

Key points roundup

- Strategy Principle #1: Be #1 in your core market. To do so, focus, focus, focus on that singular objective.
- The purpose of strategic planning is to define where (which market segments, etc.) and how (what differentiation, secret sauce, etc.) you will be #1, so that you can say no to everything else.
- Principle #2: Be a purple cow in a purple niche. Build your business around a remarkable promise. Start by identifying a lucrative niche market with lucrative rewards for being #1.
- Principle #3: Position yourself as #1 in the customer’s mind.
- Principle #4: Build a wide moat. Draw from the most powerful available sources of defendable competitive advantage and prioritise building those fortifications.
- Principle #5: Align the business and core leadership team DNA.
- Principle #6: Be future proof. Skate to where the puck of the market will be in future, not where it is today.
- Principle #7: Build a repeatable business model – a repeatable formula for delighting customers profitably.
- Principle #8: Focus on your core business – until you can’t.
- Principle #9: Culminate your strategy in a logical, simple, focused game plan.
- Principle #10: Lead with your strategy story.



Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- Scale Up X-Ray™ – Strategy discipline.
- Strategy Canvas template.
- Art of Strategy Course.
- Strategy Story Canvas.
- The Art of Strategy e-book.
- Advisory Board toolkit.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Profit from the Core, **Chris Zook and James Allen**
- Purple Cow, **Seth Godin**
- Competitive Strategy, **Michael Porter**
- Blue Ocean Strategy, **W Chan Kim and Renee Morborgne**
- Business Model Generation, **by Alexander Osterwalder and Yves Pigneur**
- Positioning, **Al Ries & Jack Trout**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- What is your strategy? Document it using the Strategy Canvas (see Tools).

- Which of the elements of a scalable strategy on the Strategy Canvas has your team defined and aligned on, with confidence?

- Do you have a compelling strategy story your staff know and have been recruited into?

- Do you need to bolster/update your strategy?

- Do you have the right internal capabilities and external support to do a great job, considering the stakes?





CHAPTER 8: THE CRUX OF STRATEGY - BUILD A PREDICTABLE GROWTH ENGINE

“Revenue covers a multitude of sins.” – Anon

Key points roundup

- **Predictable revenue:** To scale, you need predictable revenue and cash flow growth. Your strategy rubber hits the road in your business’s capacity to deliver it.
- **Founder dependency and burnout:** Relying on the founder’s energy and passion to drive sales is not scalable and leads to burnout and stagnation.
- **The revenue engine concept:** A revenue engine is a systematic approach to generating predictable and scalable revenue, freeing the business from being dependent on the founder.
- **PRINCIPLE 1.** The GOAL of your revenue engine is predictable, quality revenue and cash growth.
- **PRINCIPLE 2.** The FOUNDATIONS are a culture centred on delighting customers and a business positioned to be #1.
- **PRINCIPLE 3.** The BACKBONE of a revenue engine is the TRUST PROCESS. Orchestrate a journey of customer trust-building, leading to a natural buying decision and a win/win customer relationship
- **PRINCIPLE 4.** The NATURE of your revenue engine must be a SYSTEM: a scalable, integrated revenue growth system. Personal heroics and individual relationships don’t scale; systems scale.
- **PRINCIPLE 5.** MESSAGING is at the heart of your system. Crystallise a brand story in which you guide your customer to be the hero in their story.
- **PRINCIPLE 6.** TACTICS: Be strategic about using low-cost guerilla tactics to build brand, generate leads and build a digital presence.
- **PRINCIPLE 7.** METRICS: Be data driven. Do what produces measurable ROI.
- **PRINCIPLE 8.** BRAND: Engineer every customer touchpoint to ooze your brand promise
- **PRINCIPLE 9.** CLOSING: Precision design a patient and effective lead conversion system.
- **PRINCIPLE 10.** REPEATS AND UPSELLS: Maximise Customer Lifetime Value. Systematise activities needed to optimise repeats and upsells.
- **PRINCIPLE 11.** REFERRALS: Make customers your salesforce by bedazzling them and asking for referrals.
- **PRINCIPLE 12.** REVENUE OPS: Build fit-for-purpose marketing and sales functions geared to deliver on your marketing system.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- Scale Up X-Ray (sales and marketing)
- One-page Marketing Canvas
- Customer hourglass poster
- CxO OKRs guide.



Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Positioning: The Battle for your Mind, **Jack Trout & Al Ries**
- The 22 Immutable Laws of Marketing, **Jack Trout & Al Ries**
- In Search of the Obvious, **Jack Trout**
- Storybrand, **Donald Miller**
- Kotler on Marketing, **Philip Kotler**
- Duct Tape Marketing, **John Jantsch**
- The 1-Page Marketing Plan, **Allan Dib**
- Predictable Revenue, **Aaron Ross**
- The Ultimate Sales Machine, **Chet Holmes**
- The Sales Acceleration Formula, **Mark Roberge**
- Hyper Sales Growth, **Jack Daly**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Do you have a scalable revenue growth engine?

- Which of the 12 principles of a revenue growth engine are your strong and weak points?

- Which part of your revenue growth engine should you scale next?

CHAPTER 9: ADAPTING TO CONTEXT - STRATEGY VS. HUSTLE IN EMERGING MARKETS

“Everyone has a plan until they get punched in the mouth.” - **Mike Tyson**

Key points roundup

- Entrepreneurs in emerging markets face unique challenges like power outages, unstable economies, and inadequate infrastructure, making scaling harder and slower.
- Despite the challenges, there are opportunities due to less competition and the potential for growth during stable periods.
- Strategies from developed markets don't directly apply; a balance between strategic planning and hustle is essential.
- Maintain strategic discipline through regular strategy workshops, a strong strategy coach, and a comprehensive strategy document.
- Use a good Board or strategy coach to hold the team accountable for executing the strategy amidst the hustle.
- The same constraints apply to competitors, creating opportunities for market dominance through strategic discipline.
- Consistent, simple habits and strategic discipline are key to overcoming challenges and achieving success in emerging markets.

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Is your business getting the balance of strategic focus vs. ‘the hustle’ right? If not, which is neglected more?

- Do you have effective mechanisms in place to sustain a healthy pressure to lead with strategic focus?



PART III
THE ART
OF TEAM



CHAPTER 10: THE ART OF PEOPLE - MANAGING TRANSITIONS TO KEEP PEOPLE THRIVING

“You don’t build a business. You build people, then people build the business.” - **Zig Ziglar**

Key points roundup

- You don’t build a business. You build a team that builds the business.
- As you scale through changing company lifecycle stages, the business changes. Leaders – especially founders – must change with the business.
- You will undergo critical shifts as you scale: from doer, to manager, to leader, to leader of leaders.
- The top priority of founders who are scaling is to build the leadership team that will build the team that will build the company.
- There are seven fundamental People disciplines that must be followed to succeed: design an organisation structure to deliver your strategy, attract top talent, select top talent that fits, build a strong leadership team that brings the best out of people, build a high performance culture, pay well enough to keep top talent, and HR operations. Those disciplines make up the Art of Team.

Tools:

See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- Scale Up X-Ray - lifecycle stage.
- Scale Up X-Ray: People discipline.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Growing Pains: Transitioning from an Entrepreneurship to a Professionally Managed Firm, **Eric G. Flamholtz**
- Leading at the Speed of Growth, **Katherine Catlin**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- What is your company’s current organisation size? Looking at the table above, is your leadership team’s approach aligned to the needs of your current size and stage?

- Which areas of your leadership team’s approach – reflected in the table above - are strong, and which are weak?

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- Which of the six fundamental Team disciplines (attract top talent, select top talent that fits, build a strong leadership team that brings the best out of people, build a high performance culture, pay well enough to keep top talent, and HR operations), are strengths for your business, and which are weaknesses?

STRENGTHS	WEAKNESSES



CHAPTER 11: THE ART OF ATTRACTION - BUILD A TALENT MAGNET TO WIN THE WAR FOR A-PLAYERS

“Those who build great companies understand that the ultimate throttle on growth for any great company is not markets, or technology, or competition, or products. It is one thing above all others: the ability to get and keep enough of the right people.” - **Jim Collins**

Key points roundup

- Scaling is hard. You will only succeed if more than 75% of roles within your company are occupied by A-players.
- Attracting that talent is hard. There is a war for top talent and you're competing with big companies with very big guns (pay, status, perks).
- It's even tougher in emerging markets, where big brand employers are even more attractive to top talent.
- To succeed, you need to outcompete on attracting top talent. There is an art to attracting top talent as a small scale up. Follow the eight key principles of the Talent Attraction Formula™:
- PRINCIPLE 1: Apply the principles of competitive strategy: Find a talent niche where you can be #1.
- PRINCIPLE 2: Win on non-monetary elements.
- PRINCIPLE 3: Follow the 6-Step Art of Scale Talent Attraction Process to build a spikey EVP that's a talent magnet.
- PRINCIPLE 4: The epicentre of your EVP is having amazing leaders. Prioritise these roles.
- PRINCIPLE 5: Intentionally build access into talent networks.
- PRINCIPLE 6: Build a talent brand.
- PRINCIPLE 7: Use guerilla talent marketing tactics.
- PRINCIPLE 8: Always be hiring top talent.

Tools

- See [Artofscale.io/book/tools](https://artofscale.io/book/tools)
- Art of Organisation Design workbook.
- Art of Organisation Design e-book.
- A-team Assessment worksheet.
- Art Of Attraction™ EVP Workbook.
- 6-Step Art of Scale Talent Attraction Process™ Workbook.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- The War for Talent, **Ed Michaels, Helen Handfield-Jones, Beth Axelrod**
- Topgrading, **Brad Smart, Geoff Smart**
- Who: The A Method for Hiring, **Geoff Smart, Randy Street**
- Who Not How: The Formula to Achieve Bigger Goals Through Accelerating Teamwork, **Dan Sullivan**
- First, Break All The Rules: What The World's Greatest Managers Do Differently, **Marcus Buckingham**



Reflections

“Pain + reflection = progress.” Ray Dalio.

- What percentage of your firm would you call A-players (top ten-percentile of performers in their peer group, in a role they are well suited to, and thriving)?

% A-Players, now:

- What is your target in three years' time?

% A-Players target, in 3 years:

- Is that target on your top leadership team's scorecard?

- Why not? If you agree with Jim Collins' quote at the start of this chapter, should this not be one of your most important goals?

- What will you do about it?





CHAPTER 12: THE ART OF SELECTION - A SYSTEM FOR HIRING A-PLAYERS

“You cannot build a great team without great people. Great people are found, not changed.”

– Anon

Key points roundup

- To scale, at least 75% of roles in your organisation must be filled by A-players.
- The odds are stacked against you. You're set up to make a bad decision by a bad pipeline, bad data from a bad process, and a bad brain, which all lead to bad hiring decisions.
- You must fix hiring to scale. When you do, you will outcompete on your ability to consistently recruit top talent.
- Fix hiring by changing your approach, using the proven Art Of Recruiting system™.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- The Art of Hiring E-book.
- The Art of Hiring toolkit.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Foolproof Hiring: Powerful, Proven Keys to Hiring High Performers, **Brad Smart**
- Who: The A-method of hiring, **Geoff Smart**
- Topgrading, **Brad Smart**
- Thinking, Fast and Slow, **Daniel Kahneman**.

Reflections

“Pain + reflection = progress.” Ray Dalio.

- If you're scaling, talent is nothing less than your bridge to the future. Your recruiting system is engineering that bridge. What sort of destiny is your recruiting system currently engineering?

- What will you do about it?





CHAPTER 13: THE ART OF LEADING - BRINGING THE BEST OUT IN YOUR PEOPLE

“Finding good players is easy. Getting them to play as a team is another story.” — **Casey Stengel**

Key points roundup

- To scale, you need everybody on your team to function at their full potential. This is not automatic, and it's not easy. It is the central task of leaders, who either amplify or suppress the performance of teams and people.
- Therefore, to scale, you need to build (with intent) a performance amplifying leadership culture and team that brings out the A game in your teams and people.
- Most companies fail to build that leadership team and culture. Weak leadership is a handbrake for their growth.
- Promote or hire candidates who exhibit the four sets of attributes needed to succeed as a leader in their role in addition to the usual traits of A-players: (i) Multiplier traits; (ii) seniority-aligned managerial skills; (iii) lifecycle stage appropriate leadership style; (iv) lifecycle stage appropriate capacity to do.
- Building a performance amplifying leadership culture and team requires intent, because most companies fail to build that leadership culture and team.
- Follow the Art of Scale eight-step guide to building a performance amplifying leadership culture.

Tools

- See [Artofscale.io/book/tools](https://artofscale.io/book/tools)
- Scale Up X-Ray. People function.
- Art of Scale Leadership Competency Pyramid.
- Art of Scale Leadership Competency Self-Assessment worksheet.
- To assess leaders' Multiplying/Diminishing leadership tendencies, use the Multipliers 360 Assessment at thewisemangroup.com/services/assessments/. It is expensive for emerging market scale ups, but not having the insights is a thousand times more expensive.
- To assess leaders' broader leadership competencies, use the Leadership 2.0 360 Assessment at talentsmarteq.com/assessments/. It is also expensive but invaluable.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Multipliers: How the best leaders make everyone smarter, **by Liz Wiseman**
- Bringing out the best in people: How to apply the astonishing power of positive reinforcement, **Aubrey C. Daniels**
- Primal leadership: Realizing the power of emotional intelligence, **Daniel Goleman, Richard Boyatzis and Annie McKee**
- Leadership: The Care and Growth Model, **Etsko Schuitema**
- Leadership 2.0, **Travis Bradberry and Jean Greaves**
- First, break all the rules, **Markus Buckingham and Curt Coffman**
- Leadership that gets results, **Daniel Goleman**



Reflections

“Pain + reflection = progress.” Ray Dalio.

- Is your leadership culture (that is, the norm for most of your leaders) Multiplying or Diminishing? (see the table in the body of this chapter).

- Which managerial roles are being led by a Diminishing leader? What is the size and criticality of the affected team? What is the cost of this?

- Do you have, or are you building, the processes that will systematically build a performance amplifying leadership team and culture?



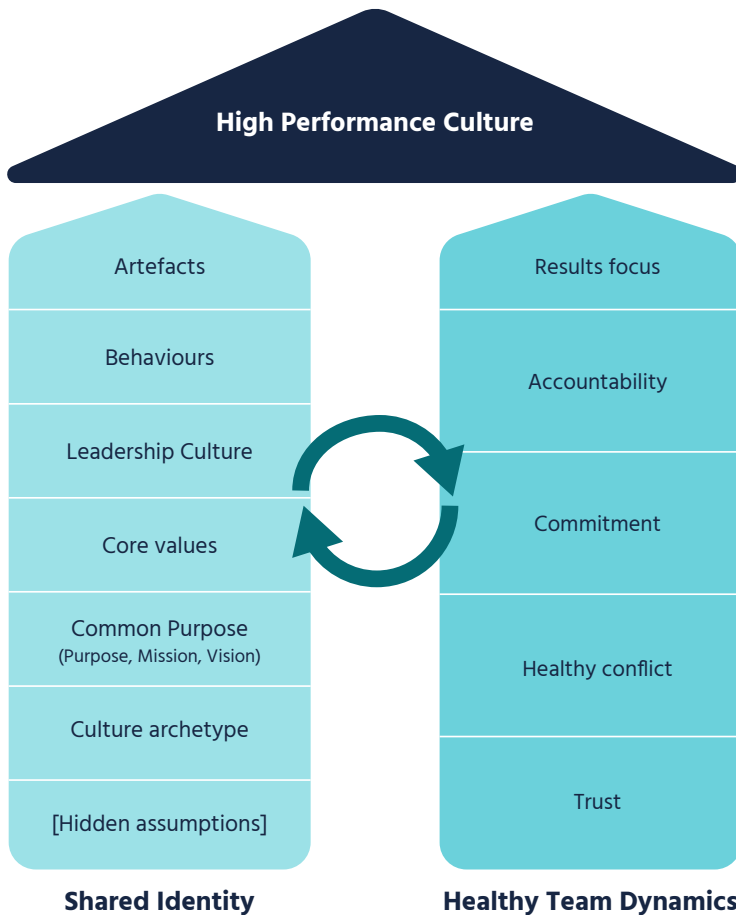
CHAPTER 14: THE ART OF CULTURE - CREATING AN A-TEAM ENVIRONMENT WHERE PEOPLE THRIVE

“Culture eats strategy for breakfast.” - **Peter Drucker**

Key points roundup

- **The power of culture:** Culture eats strategy for breakfast. It is the ultimate source and expression of business success.
- **The definition of culture:** Underlying beliefs, supporting shared basic assumptions, manifest in shared values which work themselves out in patterns of behaviour and sensory artifacts. Together, these explain team dynamics, leadership decisions, and company performance.
- **The source of culture:** Nature and nurture: culture is, but culture can also be shaped.
- **The priority of culture:** Shaping culture is your #1 job.
- **Elements of high-performance culture:** The practices of a high-performance culture include a shared identity (including shared purpose, mission, and vision; core values and their behaviour expressions and environmental expressions; the leadership culture; culture archetype, and hidden assumptions) and healthy team dynamics (trust, healthy conflict, genuine commitment, true accountability, and focus on results).

ELEMENTS OF A HIGH PERFORMANCE CULTURE





- **The levers to shape culture:** Shape culture by shaping the five main leverage points that perpetuate culture, namely: leadership values and behaviours; rewards and recognition; promotion; recruiting; staff onboarding; and artifacts. Then, work through leaders to create healthy team dynamics by diagnosing and addressing sources of dysfunction.
- **The process to shape culture:** Create a Company Constitution, align leaders as committed culture champions, align systems and behaviours, continuously assess, discuss, and refine.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- Scale Up X-Ray – People function.
- Company Constitution/Culture manifesto template .
- Art of Scale Culture Leadership Workbook.
- Team Dysfunction Assessment
- Art of Scale Leadership toolkit

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- The Corporate Culture Survival Guide, **Edgar Schein**
- The five dysfunctions of a team, **Patrick Lencioni**
- Begin with We, **Kyle McDowell**
- Delivering Happiness: A path to profits, passion and purpose, **Tony Hsieh**
- Work Rules! Insights from Google that will transform how you live and lead, **Laszlo Bock**
- No rules rules: Netflix and the culture of reinvention, **Erin Meyer and Reed Hastings**
- The Culture Engine: A framework for driving results, inspiring your employees and transforming your workplace, **S. Chris Edmonds**
- The Founder's Mentality: How to overcome the predictable crises of growth, **Chris Zook and James Allen**
- The Speed of Trust: The one thing that changes everything, **Stephen M.R. Covey**
- Diagnosing and Changing Organizational Culture: Based on the competing values framework, **Kim S. Cameron and Robert E. Quinn**

Reflections

"Pain + reflection = progress." Ray Dalio.

- Do you have a high-performance culture?

- What are your culture strengths and weaknesses? Do you know?

- Is your leadership team actively leading culture?

- What will you do about it?



PART IV
THE ART OF
EXECUTION



CHAPTER 15: THE ART OF EXECUTION - DISCIPLINES AND HABITS TO TAME THE WHIRLWIND AND ACHIEVE BIG GOALS

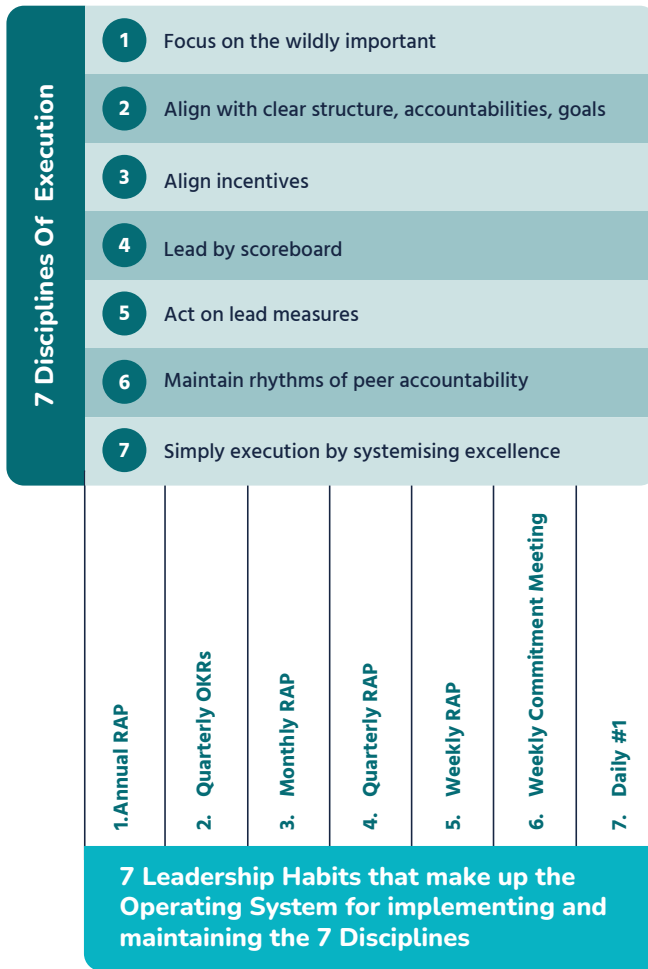
“Ideas are easy. Implementation is hard... I respect traction more than ideas.” — **Guy Kawasaki**

Key points roundup

- Setting and executing the right strategic goals is critical to scaling up.
- But executing is hard in a scale up. Most businesses fail at execution and therefore fail to scale.
- The enemy is the whirlwind: the relentless stream of urgent demands and distractions which hijacks your team’s attention and prevents them from doing the work required to execute on strategic goals.
- To succeed, you need to tame the whirlwind by mastering the Art of Execution: a set of proven principles and leadership habits that ensures teams and individuals prioritise the work needed to execute on strategic priorities on a daily basis.
- The Art of Execution consists of 7 Disciplines implemented through seven leadership Operating System habits. The 7 Disciplines are:
 - a. D1 - Focus on the WILDLY important (see Chapter 16).
 - b. D2 - Align the team with clear structure, accountabilities, and goals (see Chapter 17).
 - c. D3 - Align incentives (see Chapter 17).
 - d. D4 - Act on lead measures (see Chapter 18).
 - e. D5 - Lead by scoreboard (see Chapter 18).
 - f. D6 - Maintain rhythms of peer accountability (see Chapter 18).
 - g. D7 - Simplify execution by systemising excellence (see Chapter 19).
- The Art of Execution is implemented through seven leadership team habits, which together make up your leadership Operating System (See Chapter 20).’



THE ART OF EXECUTION



Tools

See tools on [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- Scale Up X-Ray™ - Assess your business' execution competence, prioritise fixes.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- The 4 Disciplines of Execution, Chris McChesney, **Sean Covey**
- Execution: The Discipline of Getting Things Done, **Larry Bossidy, Ram Charan, Charles Burck**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- How effective is your leadership team at setting and executing strategic goals? (Strategic goals are not operational, they move your company forward meaningfully towards your vision; they are not urgent, and they are not easy.)

- What percentage of strategic goals does your team successfully achieve within the intended timeframe?

- Does your leadership team need to level up its Execution game?

- What will you do about it?





CHAPTER 16: D1 - THE START OF EXECUTION: EXTREME FOCUS ON A CLEAR GAMEPLAN

“Always start at the end before you begin.” – **Robert Kiyosaki**

Key points roundup

- To scale, you need extreme focus on a tiny number of critical outcomes.
- Achieve extreme focus by translating your strategy into a clear gameplan, and focusing all efforts on executing the gameplan. Say ‘no’ to everything else.
- A gameplan consists of three essential components:
 - a. **Winning Moves:** these are the two or three major plays over the next three years that will change the game for your business.
 - b. **BHAG:** This is your singular, Big Hairy Audacious business Goal over the next three years, that will also change the game for your business. It is the outcome of implementing your winning moves.
 - c. **Execution Blueprint:** This is a plan to achieve your BHAG, expressed in the form of Wildly Important Goals you must achieve in order to attain your BHAG. It includes financial, customer, product, operations and people goals.
- Execute your gameplan with agility through quarterly OKRs and weekly sprints, covered in chapters 18-19.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- BHAG examples and case studies.
- Execution Blueprint template.
- Develop your Gameplan: Scaling Guide.
- Develop your Gameplan: e-book and workbook.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- The Strategy Focused Organisation, **Robert S. Kaplan; David P. Norton**
- Strategy Maps, **Robert S. Kaplan; David P. Norton**
- Execution: The Discipline of Getting Things Done, **Larry Bossidy; Ram Charan; Charles Burck**
- High Output Management, **Andy Grove.**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Is your leadership team more like a wide shower head (distributing team energy across many goals) or a waterjet cutter (extreme focus for maximum impact)?

- Does your business have a clear gameplan to execute your strategy, including winning moves, a BHAG, and an Execution Blueprint to achieve your BHAG?

- Does your gameplan effectively guide your leadership team and organisation's focus and efforts?

- In summary, on a scale of 0 to 10, how strong is your leadership team at focus, the first discipline of execution?



CHAPTER 17: D2 & 3 - THE DELEGATION OF EXECUTION: ALIGN EFFORTS WITH CLEAR STRUCTURE, ACCOUNTABILITIES, GOALS, AND INCENTIVES

“Execution is the ability to mesh strategy with reality, align people with goals, and achieve the promised results.” – **Larry Bossidy**

Key points roundup

- Execution requires aligning every person’s skill and effort toward achieving the BHAG.
- Discipline 2 entails doing that by using three alignment mechanisms: (i) Aligned organisation structure; (ii) Clear accountabilities per role; (iii) and aligned business goals per person.
- A strategy-aligned Organisation Structure and clear definition of accountabilities per role prevents inevitable role confusion that worsens as companies scale, and aligns your organisation structurally to execute on the BHAG.
- In addition, you need to maintain alignment of teams and individuals through an effective goal-setting system. The OKR system, used by Google and other Silicon Valley firms to scale, is the best goal-setting approach.
- OKRs should cascade from company-level to teams and individuals, while incorporating bottom-up input to OKR formulation.
- Quarterly OKR-setting gives the business and staff clear direction, aligning efforts with the business plan while maintaining agility.
- Objectives inspire; key results provide measurable goals, and initiatives define the work scope, helping to test the feasibility of OKRs and manage interdependencies.
- Use quarterly OKR performance to assess individual performance and guide bonuses, thereby aligning individual incentives with the company’s BHAG.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- Art of Execution Scaling Guides (Gameplan; OKRs; Organisation Design).
- Organisation Design how-to e-book.
- Delegation of Critical Accountabilities Table template.
- OKR template spreadsheet.
- Implementing OKRs Course.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Measure What Matters, **John Doerr**
- Objectives and Key Results, **Paul Niven and Ben Lamorte**
- Designed to Scale: How to structure your business for exponential growth, **Lex Sizney**
- Scaling Up Compensation: 5 Design Principles for Turning Your Largest Expense into a Strategic Advantage, **Verne Harnish**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Using the metaphor of a concentrated solar power plant, does your leadership team have a system that accurately aligns the organisation’s skills and energy with its strategic objectives?

- Is your system for maintaining team alignment agile, allowing regular adjustments while keeping direction stable for long enough (a business quarter) to achieve meaningful objectives?

- In summary, on a scale of 0 to 10, how effective is your leadership team at focusing and incentivising their teams to meet strategic business goals?

CHAPTER 18: D4-6 - THE GAME OF EXECUTION: FUEL TEAM ENGAGEMENT BY GAMIFYING EXECUTION

“Nothing... drives the morale and engagement of a team more than winning... People want to win. They want to make a contribution that matters.” – **Sean Covey and Chris McChesney**

Key points roundup

- Winning fuels engagement: People want to win and make a meaningful contribution. A clear scoreboard provides the motivation to do just that.
- Gamify execution: Transforming business priorities into a game with visible goals, scoreboards, and milestones can sustain team energy and commitment.
- **DISCIPLINE 4: Lead by scoreboard.** Scoreboards clarify and galvanise: Like the 1995 Rugby World Cup final, a scoreboard drives engagement by keeping the team focused on what matters most.
- **Players’ scoreboard vs. coach’s scoreboard:** A players’ scoreboard must be simple, clear, and instantly show if the team is winning. It’s essential for maintaining focus and engagement.
- **DISCIPLINE 5: Empower the team to act on lead measures:** Lead measures, unlike lag measures, predict success and empower teams to take action that directly influences outcomes.
- **DISCIPLINE 6: Maintain full engagement with rhythms of peer commitment and accountability. Weekly commitment meetings:** Regular, short meetings where each person commits to specific actions for the week drive accountability, ownership, and team performance.
- The principle of consistency motivates team members to live up to commitments they make publicly, improving personal and team reliability.
- Four rhythms of accountability: Annual, quarterly, monthly, and weekly commitment meetings are essential to ensuring strategic execution despite day-to-day demands.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools)

- Scale Up X-Ray - Execution discipline.
- Art of Execution Course.
- Art of Execution – Scaling Guides.
- Goals and Rhythms feature on ArtOfScale.io, to build these leadership habits with the power of behavioural science.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- The Four Disciplines of Execution, **C. McChesny and Sean Covey.**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- How engaged are your teams, on a day-to-day basis, in driving the attainment of your most critical quarterly goals?

- Do your teams have compelling players' scoreboards? Are they used well to fuel and sustain high team engagement in driving OKR attainment?

- Are your teams empowered to act on the lead measures of your critical OKRs?

- Does each team have a regular weekly cadence of peer commitment and accountability focused on driving the lead indicators to achieve critical OKRs?

- Does each team have a regular quarterly cadence of peer commitment and accountability to review quarterly OKR attainment and set OKRs for the coming quarter?

- Do you have appropriate monthly management review meetings to track progress towards OKRs and course correct?

- How do you feel about the task of implementing these disciplines? Do you feel confident in how to go about it? If not confident, fear not. See the tools above, and chapter 20 (see the book) for guidance.



CHAPTER 19: D7 - SIMPLIFYING EXECUTION: REPLACE FRICTION WITH FLOW BY SYSTEMISING EXCELLENCE

“A business that relies on systems is a business that can grow beyond the limitations of its founder.” – **David Allen**

Key points roundup

- To scale, you need to systemise your business by translating your repeatable model for value creation into scalable systems.
- While many are sceptical of systemisation, most concerns are misunderstandings, and valid concerns are dwarfed by the necessity of systemisation if you plan to scale.
- You need to systematise the five main engines of growth and value creation:
 - a. Build a revenue engine – systematise lead generation, conversion, sales
 - b. Build a customer delight engine – systematise promise delivery
 - c. Build a people delight engine – systematise hiring, culture, staff care
 - d. Build a cash flow engine – systematise profit management and cash management
 - e. Build your leadership Operating System – as discussed in the previous chapter – to systematise effective strategic planning and execution.
- Use the nine-step systemisation process.
- Implement a simple and effective Quarterly business improvement system that centres on creating at least one systemisation OKR per leader, every quarter.
- Take the guesswork out of what system to scale next by using Scale This Next. (ArtOfScale.io platform/Scale This Next).

Tools

See artofscale.io/book/tools

- Scale This Next. X-Ray your People, Marketing and Sales, Operations, and Cash management parts of your business and receive recommendations on what to scale next.
- Art of Systemisation Toolkit.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Switch: How to Change Things When Change is Hard, **Chip Heath and Dan Heath**.
- Our Iceberg is melting, **John Kotter**.
- Systemology: Create Time, Reduce Errors and Scale Your Profits with Proven Business Systems, **David Jenyns**.
- Come Up for Air: How Teams Can Leverage Systems and Tools to Stop Drowning in Work, **Nick Sonnenberg**
- Work the System, **Sam Carpenter**.
- The Goal: A Process of Ongoing Improvement, **Eliyahu M Goldratt**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Where does the time of most of your top leaders go towards: crisis management, hands-on operational management, developing and empowering their team to manage operations, or investing in business scalability and growth?

- Am I mostly working in the business, or working on the business?

- Do I have a systems mindset? Am I focused on managing activities, or building and managing scalable systems?

- As a founder, do I have a business, or does the business have me?

- What will you do about it?



CHAPTER 20: THE HABITS OF EXECUTION: BUILDING YOUR LEADERSHIP OPERATING SYSTEM

“You don’t rise to the level of your goals. You sink to the level of your systems.” – **Anon**

Key points roundup

- Companies that grow well and that leaders enjoy running are companies that work well, because they execute well on strategic priorities despite the whirlwind, because their leadership team is effective, because they have a leadership operating system that keeps them focused, aligned, committed and accountable.
- A Leadership Operating System (OS) is a set of proven management habits through which you implement the 7 Disciplines of Execution (Chapters 16-19), by regularly setting, managing, and achieving strategic goals.
- The basic Leadership OS methodology is: define a three-year gameplan; executive in one-year stages; lead execution of annual plans with agility through quarterly OKRs; and execute quarterly OKRs with weekly sprints.
- The Art Of Scale leadership OS includes seven habits:
 - a. Annual RAP: Define Gameplan; set annual OKRs and budget
 - b. Quarterly OKRs: Set Company OKRs; cascade team OKRs
 - c. Monthly management RAP: Review progress against Quarterly OKRs; identify, prioritise and address issues; make course corrections and major decisions
 - d. Quarterly RAP: Review OKR performance for the previous quarter; adjust based on learnings; plan priorities for the next quarter
 - e. Weekly RAP (individual): Review outcomes of last week’s goals; set goals for week ahead; schedule focus time blocks to execute
 - f. Weekly Commitment Meeting: Each person to account (last week’s promises) and commit (promises for the week ahead)
 - g. Daily #1: Reset to proactive mindset; clarify top priority for the day ahead; complete before sleeping.
- Build your leadership OS by focusing on building the leadership team’s collective and individual OS. habits. In scale ups, processes are on paper, leadership habits are reality.
- Because forming new habits is hard, use habit-building tools and tech. The Goals and Rhythms feature on ArtOfScale.io is designed for this purpose.

Tools

See tools on [Artofscale.io/book/tools](https://artofscale.io/book/tools).

- **Scaling Guides:** To implement the 7 Disciplines of Execution in your business by building your leadership OS with step-by step guidance
- **OKR Toolkit:** To implement the OKR system without the Scaling Guides
- **OKR template:** The best we’ve seen
- **OKR GUIDE e-book:** For a 101 and reference guide on the OKR system
- **OKR Course:** To train your leadership team on OKRs
- **Q-RAP Toolkit:** To implement Q-RAPs without the Scaling Guide
- **Focus Time Block quick guide e-book:** To nail your weekly goals and quarterly scale up OKRs, using effective Focus Time Blocks
- **Daily #1 Whatsapp Bot.** Lets you set and review your daily #1 goal while checking your WhatsApp messages.



Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on Artofscale.io (See Top Books).

- Four Disciplines of Execution, **Chris McChesney and Sean Covey** (large firm context)
- High Output Management, **Andy Grove** (mid-market and large firm context)
- Traction, **Gino Wickman** (developed market context)
- What the heck is EOS?, **Gino Wickman** (developed market context)

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Is your business leadership role rewarding, and enabling of a rewarding personal life?
Are you getting what you want out of the business? Are the rewards (impact, finances, other) great, and the demands of your business leadership role balanced? Do you have a sense of balance and control, with the time, energy, and finances to pursue a rewarding personal life?

- Is your leadership team consistently succeeding?
Is your team consistently achieving clear, strategic goals yielding strong business performance, with relative balance and limited drama?

- Does your leadership team function and feel like a winning team?

Is everyone on your leadership team, day to day, focused on strategic goals, aligned with each other, fully committed to supporting and contributing to the team's success by making and delivering on commitments that matter, and truly accountable to each other for performance?

- Do you have an effective leadership team operating system?

Does your team have a set of annual, quarterly, monthly and weekly management processes that work well and ensure, as a team, that you set the right strategic goals (annual, quarterly, weekly), make meaningful and deliberate progress every week, and remain transparent and accountable to each other regarding progress and performance on a weekly and quarterly basis?

- Do you want to implement an effective leadership team operating system?

- If yes, what approach will work best for your team? (i) Do it yourself (design your own, implement yourself); (ii) Get a coach to guide you step by step; (iii) Use Art Of Scale's step-by-step Scaling Guide; (iv) A hybrid or other approach?

CHAPTER 21: ADAPTING TO CONTEXT: EXECUTING IN EMERGING MARKETS

“In the end, it is not the strongest species that survive, nor the most intelligent, but the ones most responsive to change.” — **Charles Darwin**

Key points roundup

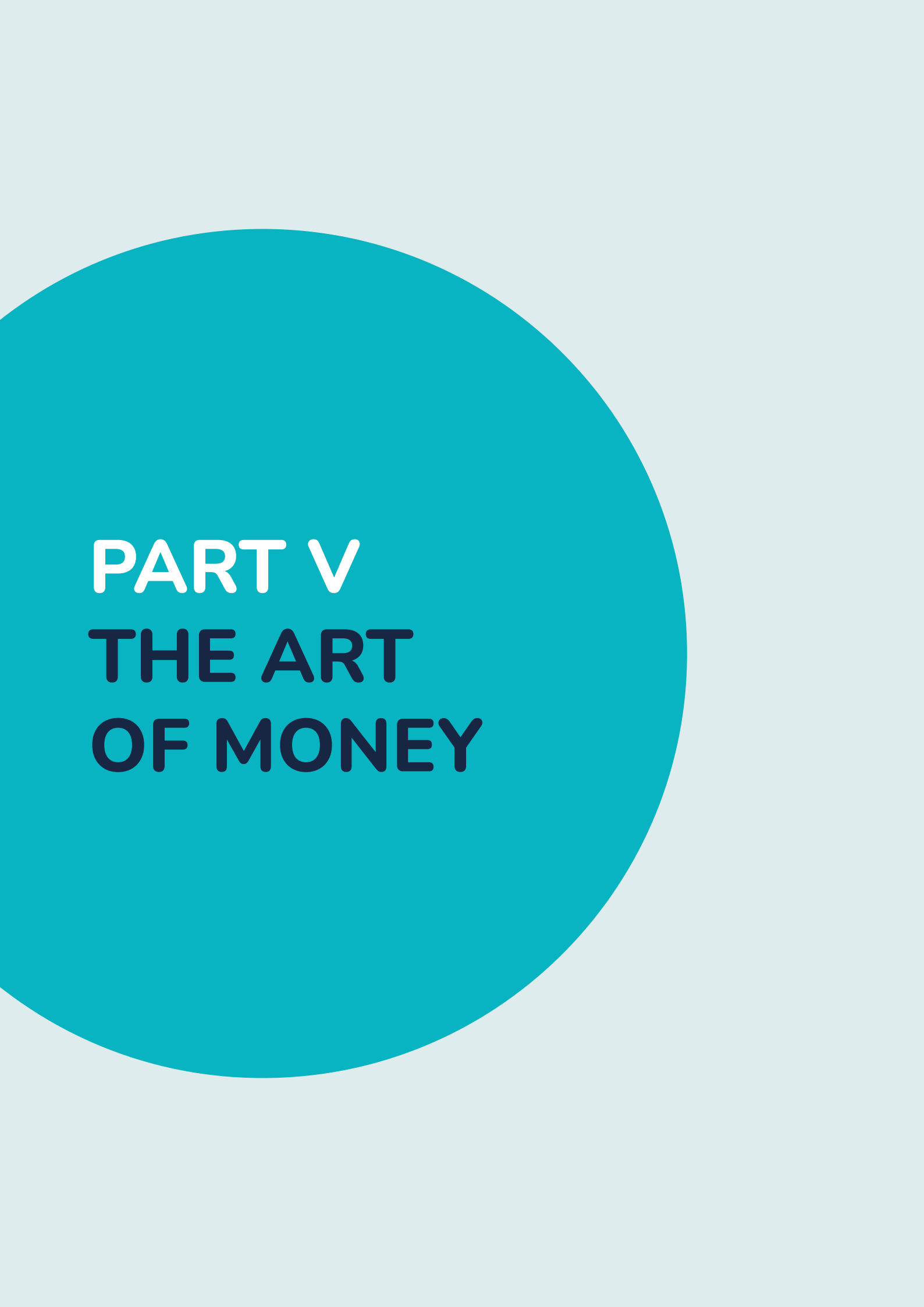
- Adapt strategies to local conditions to manage volatility and market-specific challenges.
- Prepare for multiple scenarios and focus on stable markets to build a resilient strategy.
- Use shorter planning horizons and scenario planning to stay agile amidst uncertainties.
- Set conservative goals and emphasize resilience in volatile markets.
- Ensure clear communication and effective team management to retain key staff and boost productivity.

Reflections

“Pain + reflection = progress.” Ray Dalio.

- To what extent do you find volatility, uncertainty, small market dynamics and difficulty finding top talent affect your scale up journey?

- How will you adapt the principles covered in this section on Execution, to your context?



PART V
THE ART
OF MONEY



CHAPTER 22: THE ART OF MONEY - FINANCIAL MANAGEMENT TO MAXIMISE CASH FLOW

“Cash is king. Managing your cash conversion cycle effectively is the sceptre that rules the kingdom. It dictates the financial health and scalability of your business.” - **Joe Knight, Financial Intelligence for Entrepreneurs**

Key points roundup

- Growth is cash hungry. You can't scale without a viable strategy to finance that growth.
- You will likely require a combination of access to capital from external financiers, and cash flow from customers (that is, from operations).
- Most scale ups in emerging markets will experience cash as a painful constraint to growth. External investment will often not meet growth funding requirements.
- You can maximise your sustainable growth rate by accelerating cash flows from operations, by optimising the cash conversion cycle.
- Sound financial management is a critical foundation of healthy growth.
 - a. Manage cash flow tightly, every day, and forecast cash flow accurately.
 - b. Optimise your Cash Conversion Cycle using the six main levers described in the next section.
 - c. Calculate your SGR to know the growth rate your company's current operations can sustain and to predict when it will be essential to raise outside capital (see Tools).
 - d. Invest in a robust financial management function.
- Harness 12 practical strategies to free up operational cash flow to fund healthy growth.
- You will need a seasoned CFO or financial manager to lead most of these actions, but the investment will more than pay for itself.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools).

- Scale Up X-Ray™ - Financial function.
- Sustainable Growth Rate Calculator.

Recommended reading

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Profit First: Transform Your Business from a Cash-Eating Monster to a Money-Making Machine, **Mike Michalowicz**
- It's Not About The Money: A Financial Plan to Stay Safe, Sane and Calm in Any Economy, **Brent Kessels**
- Numbers Guide: The Essentials of Business Numeracy, **Richard Stutely**
- How To Read A Financial Report, **John A. Tracy; Tage Tracy**
- The McGraw-Hill 36-Hour Course: Finance for Non-Financial Managers, **H. George Schoffner; Susan Shelley; Robert Cooke**
- Accounting Made Simple, **Mike Piper**



Reflections

“Pain + reflection = progress.” Ray Dalio.

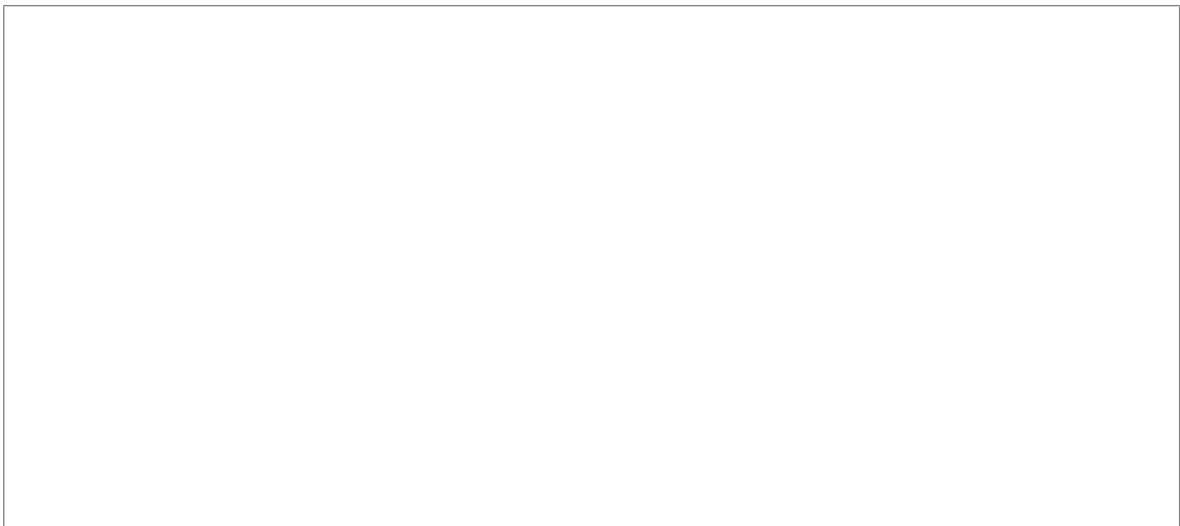
- What score would you give your business (out of 10) for robust financial management? (Use the Scale Up X-Ray in ArtOfScale.io/Scale This Next for a scientific assessment)

- Does your CFO or Financial Manager have the right profile to scale your financial function?

- How much could you improve your business' cash conversion cycle? How much cash would that free up to alleviate pressure and accelerate growth?



- What will you do about it?





CHAPTER 23: THE ART OF BOOTSTRAPPING: BUSINESS MODELS FOR CUSTOMER-FUNDED GROWTH

“Revenue is the best kind of funding—because you don’t have to pay it back.” – **John Mullins.**

Key points roundup

- Using a customer-funded business model may be the ideal way to finance your business’s growth, if it’s right for your business situation.
- Success requires a bootstrapping mindset and a capital efficient business model.
- A bootstrapping mindset includes commitment to financing growth creatively, by design; investing sweat equity; customer centricity; starting small and growing steadily; keeping operations lean; managing cash flow rigorously; and reinvesting profits.
- There are five main customer funded business models: the matchmaker model (monetise a transaction by bringing together the buyer and the seller, avoid owning or holding the commodity); the pay-in-advance model (customers pay in part or in full before receiving anything); Subscription sales (customers pay a repeatable subscription price at the start of the month or year); the scarcity model (sell rare products or services, and charge a premium with upfront payment); and the service-to-product model (productise customised services through standardisation).
- Check if your business situation is suitable to employ bootstrapping to finance growth.

Tools

See previous chapter.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- The Customer-Funded business, **John Mullins.**
- Built To Sell: Creating A Business That Can Thrive Without You, **John Warrillow.**
- Productize: The Ultimate Guide to Turning Professional Services into Scalable Products, **Eisha Armstrong.**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Do you plan to bootstrap? If yes, do you have the bootstrapping mindset?



- Does your business fit the criteria for a customer-funded business?

- If you are not sure, do you have someone – a strategy coach, mentor, financial advisor? - who will help you explore the possibility?

- If the concept works for your business, what must you do to optimise the capital efficiency of your business model?



CHAPTER 24: THE ART OF DEBT: OPTIMISING BANK FINANCE AND LOAN INSTRUMENTS

“A bank loan is the bank’s way of saying ‘we believe in you—but not too much.’” - **Anon.**

Key points roundup

- Debt is borrowing from your future cash flows, for low risk financing needs.
- Debt funding is (1) cheaper than equity funding - if used wisely; (2) convenient for fixing cash holes quickly; (3) better for retaining control of your business (when things go well).
- Debt does not suit early stage, volatile, risky, cyclical or seasonal business, or those with unpredictable cash flows, but in some cases lenders can make it work.
- Entrepreneurs and bankers rarely think alike. You may feel conservative, but the bank is allergic to risk.
- Lenders will assess your creditworthiness, your debt capacity and free cash flow, what collateral is available, your equity contribution, prevalent risks your business faces, the management team and then link interest rates to risk.
- Match the right debt product for your need.
- Be aware of the risks that come with debt, and raise debt cautiously. Fully consider the cost of capital, cost escalations, collateral and risks, non-negotiable loan repayments, implications of non-repayment, and loan contract minutiae.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools).

- Raising Debt toolkit (financial model, guide to debt instruments, application template, checklist).

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books). Unfortunately, most good resources on this topic are written from a developed market perspective. That said, the following titles contain good advice:

- Never split the difference, Chris Vos
- How to win friends and influence people, Dale Carnegie.
- Secrets to Raising Capital: How to get the money you need for your business the fastest and easiest way possible, Michael Manahan
- Get Money: A Practical Guide to Capital Raising for African Companies and Entrepreneurs, Mansur Nuruddin

Reflections

“Pain + reflection = progress.” Ray Dalio.

- Reflecting on the criteria for when to use debt, is debt funding suitable for your business growth funding needs?

- Do you have the right capital raising advisors? Do you have good networks to find one?

Reflecting on the criteria for when to use debt, is debt funding suitable for your business growth funding needs?

- Do you have the right capital raising advisors? Do you have good networks to find one?



CHAPTER 25: THE ART OF EQUITY: SECURING FINANCIAL PARTNERS FOR GROWTH

“Capital can accelerate growth, but it can also accelerate mistakes.” — **Ritesh Agarwal, founder of OYO Rooms**

Key points roundup

- Raising equity is like getting married. You're no longer running your business; you're running a business you share with shareholders.
- Pre-capital raising phase: Be sure you want to be married before you propose (just as you would if you were getting married). Also, make sure growth will create enough wealth so everyone wins. The best way to not ruin your life by raising equity capital is to grow and create enough wealth so everyone wins.
- Preparation phase: Find good advisors, prepare well, be compelling, be realistic, brace yourself for a marathon.
- Raising phase: Raising capital is selling a product. The business is the product. To succeed, sell to customers (investors) who are in the market for what you're selling. Earn their trust, negotiate to set up a win/win relationship, and get the details right.
- Life after the investment: Work to make it work. Embrace the new reality of accountability to a Board. Build trust and win their confidence.

Tools

See [Artofscale.io/book/tools](https://artofscale.io/book/tools).

- Equity investment suitability assessment.
- Scale Up X-Ray™: Capital and Cash disciplines.
- Equity Investment readiness assessment.
- Equity Capital Raising guide and toolkit.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books). Unfortunately, most good resources on this topic are written from a developed market perspective. That said, the following titles contain good advice:

- Never split the difference, **Chris Vos**
- How to win friends and influence people, **Dale Carnegie**.
- Built to Sell: Creating a Business That Can Thrive Without You **by John Warrillow and Bo Burlingham**
- Secrets to Raising Capital: How to get the money you need for your business the fastest and easiest way possible, **Michael Manahan**
- How to Build a Business and Sell It for Millions **by Jack Garson**
- The Art of Startup Fundraising: Pitching Investors, Negotiating the Deal, and Everything Else Entrepreneurs Need to Know, **Alejandro Cremades**
- Venture Deals: Be Smarter than Your Lawyer and Venture Capitalist, **Brad Feld; Jason Mendelson**
- Get Money: A Practical Guide to Capital Raising for African Companies and Entrepreneurs, **Mansur Nuruddin**
- Why raising Venture Capital is >95% likely the wrong option for you
- <https://medium.com/oui-capital/the-quest-for-venture-returns-in-africa-22700d45568c>

- Do you plan to raise equity capital?

- Is your business a suitable fit for equity capital?

- Is your business a suitable fit for equity capital? (How confident are you about your ability to assess this? Have you spoken to equity funders or advisors for an outside view?)

- Do you have the right mindset for securing investment partners and having a successful partnership with them?

- Do you have the right advisors to help you raise capital? If not, what contacts will you use to find the right advisors?



PART VI
THE ART OF
SCALE-UP
LEADERSHIP



CHAPTER 26: THE ART OF ALIGNMENT - FOUNDERS' DILEMMAS ON THE PATH TO SCALE

"If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle." – **Sun Tsu, Art of War.**

Key points roundup

- As a founder, you can be rich, or you can be king, but you cannot be both.
- You face various dilemmas when scaling, including: Scale vs. balance; scale vs. craft (product as craft vs. scaling as craft); scale vs. management control; in charge vs. in flow; scale vs. financial control; scale vs. Board control; scale vs. family business.
- Face Founders' Dilemmas head on. Understand what scaling entails. Clarify and prioritise what aligns to your personal vision, goals, and values. Make courageous trade-offs and make peace with them.
- Start by clarifying your personal constitution and goals.
- Then create internal and external alignment (with your company, co-founders, financial partners, Board, and leadership team).

Tools

See tools on [Artofscale.io/book/tools](https://artofscale.io/book/tools).

- Define your personal manifesto in compact form using the Personal Constitution Canvas
- Company Constitution template.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Founder's Dilemmas, **Noam Wasserman.**
- How will you measure your life?, **Clayton Christenson.**
- Man's search for meaning, **Viktor Frankl.**
- Rocket fuel, **Gino Wickman.**
- Startup CEO: A Field Guide to Scaling Up Your Business, **Matt Blumberg**

Reflections

"Pain + reflection = progress." Ray Dalio.

- Have you defined and articulated your purpose and long term personal goals, for leading this business?

- Have you experienced the tension between the drive to be 'rich' (achieve your long term goals) vs. be king (in charge of everything)?

- Have you clearly determined which is your priority?

- Have you made a clear decision regarding the other Founders' Dilemmas?

- Have you created alignment as described in this chapter?

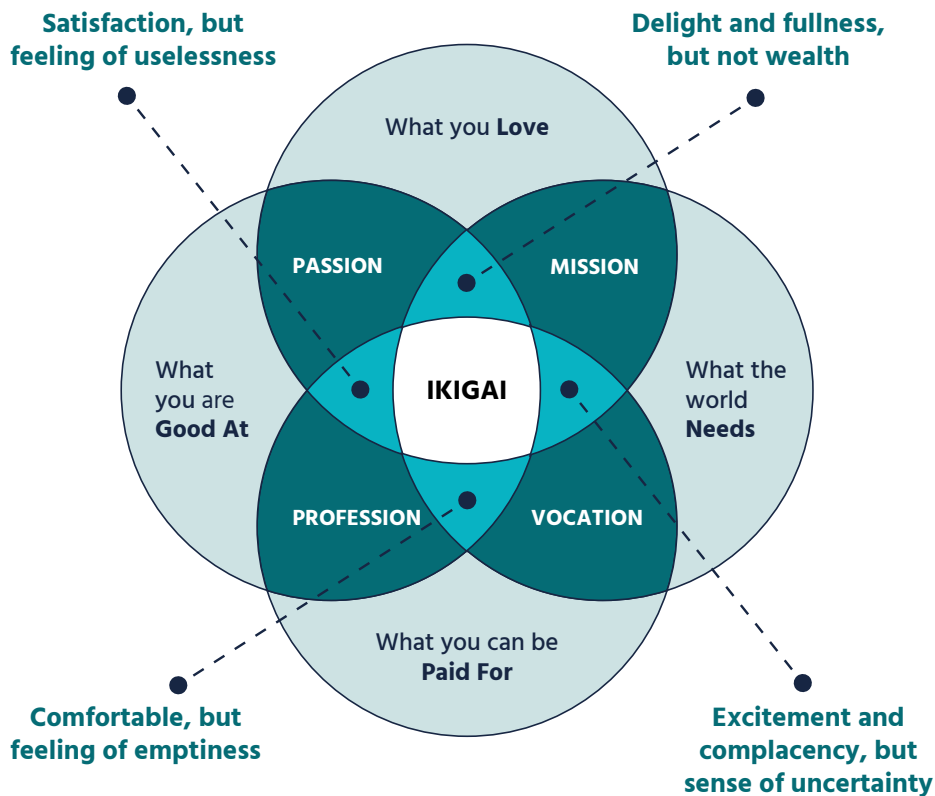


CHAPTER 27: THE ART OF YOUR A-GAME - THE LEADER'S JOURNEY ON THE PATH TO SCALE

“Don't wish it were easier, wish you were better.” - **Jim Rohn**

Key points roundup

- A scale up business changes quickly, and continuously, requiring more breadth and depth of organisation leadership and management capabilities from senior leaders.
- If you land up out of your depth, you will be the cause of a leadership crisis and the obstacle to business success. It's ugly, usually leading to team burnout, relationship breakdown, and personal burnout.
- To avoid this crisis, you need to do two things: find your fit; and scale thyself.
- Find your fit: You need to align your role to your strengths, vertically (ideal level of seniority), horizontally (ideal functional area), and serially (ideal company lifecycle stage).
- **Scale Thyself:** You need to scale yourself (competencies, level of leadership) ahead of the business (what senior leadership means and requires).
- Bad news: Senior leadership in a scale up is not for everyone. Know yourself, and decide if that is your path.
- Good news: you can grow more, and faster than you'd think possible, by harnessing the science of personal growth with the Scale Thyself Mindset and System.
- The Scale Thyself Mindset holds that competitive advantage as a scale up leader = hunger + commitment to grow.
- The Scale Thyself System encourages you to adopt a system of continuous, systematic and accelerated personal growth centred on targeted, deliberate practise.
- Conclusion: You must be intentional and committed. Outgrow the business, or it will outgrow you. Prioritise continuous, systematic, accelerated personal growth.





Tools

See tools on [Artofscale.io/book/tools](https://artofscale.io/book/tools).

- Scale-up leadership courses (see Courses and Resources).
- 150+ curated and summarised scale-up leadership books.
- Find your fit Workbook (Peak Performance Zone/Ikigai).
- Scale yourself Workbook (scale up leadership growth).
- Keep your spark Workbook (nurturing wellness).
- Personal Operating System Workbook.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- The 4 C's Formula: Your Building Blocks of Growth: Commitment, Courage, Capability, and Confidence, **Dan Sullivan**
- Bounce: The Myth of Talent and the Power of Practice, **Matthew Syed**.
- The First 20 hours (chapters 1-3). How to Learn Anything, Fast, **Josh Kaufman**
- Leading at the Speed of Growth: Journey from Entrepreneur, **Katherine Catlin and Jana Matthews**.

Reflections

"Pain + reflection = progress." Ray Dalio.

- Does your job require you to contribute from your zone of peak performance (your Ikigai centre) most of the time?

- How is that playing out in your performance, quality of peer relationships, health, quality of life, and sense of fulfillment?

- What is your fit, vertically (in a large scale up, are you a CEO, C-suite, functional leader, manager, or other?)

- What is your fit, horizontally (which functional area)?

- What is your fit, serially (are you a fit for the company's lifecycle stage)?

- Do you have the Scale Thyself mindset?

- Do you have a system for continuous, targeted personal leadership growth?

- Do you have a method for accelerated learning?

- What will you do about it?



CHAPTER 28: THE ART OF TIME: MASTERING TIME WITH YOUR PERSONAL OPERATING SYSTEM

“Don’t prioritise your schedule; schedule your priorities.”

Key points roundup

- The leaders who succeed are the leaders who execute, and leaders who execute are those who command their own time and attention and direct it to their priorities.
- To succeed at that primary leadership task, tailor, implement and maintain an agile Personal Operating System to keep you effective at executing on top priorities.
- The business Operating System covered in chapter 20 is the heart of your POS. Implement that first, then add the habits needed to manage your persona life. Adapt the example in this chapter. See the template below

Tools

See tools on [Artofscale.io/book/tools](https://artofscale.io/book/tools).

- Personal Operating System template.
- Goals And Rhythms feature on ArtOfScale.io.
- Getting Things Done implementation guide e-book.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- The 7 Habits of Highly Effective People. **Stephen R. Covey.**
- Gettings Things Done. **David Allen.**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- What percentage of your work time do you squander?

- What percentage of your private time do you squander?

- How many years of life are you squandering? (2 hours a day of squandered time of 60 years of adult life is nearly 8 years of waking hours wasted; 4 hours a day is 15 years of life wasted).

- Do you regularly clarify priorities and define goals?

- Do you consistently execute on your goals?

- Do you consistently spend over 50% of your time doing the work required to achieve your goals?

- Do you have a Personal Operating System designed to focus your time and attention on your goals?

- What will you do about it?





CONCLUSION



CHAPTER 29: THE ART OF THE START: WIN TIME, BUILD SYSTEMS, REPEAT

“Start where you are, use what you have, do what you can.” - **Arthur Ashe**

Key points roundup

- You probably feel overwhelmed and daunted. Start scaling like you would climb a mountain, or tackle any other great feat: one step at a time.
- Win time. Invest it into scalable systems, which will win you more time. Repeat every 90 days.

Tools

See tools on [Artofscale.io/book/tools](https://artofscale.io/book/tools).

- Scaling Guide: Build Your Operating System for Scale.
- Scale Up X-Ray™ and Scale This Next tool.

Recommended books and resources

To go deeper on the basic ideas in this chapter, we recommend buying these books on Amazon. You will find the summaries on [Artofscale.io](https://artofscale.io) (See Top Books).

- Art Of Scale, Chapter [19]: The Habit of Execution: Building your Operating System for scale.
- Come Up for Air: How Teams Can Leverage Systems and Tools to Stop Drowning in Work, **Nick Sonnenberg**
- Getting Things Done, **Dave Allen**

Reflections

“Pain + reflection = progress.” Ray Dalio.

- What are the most powerful ways for you to win back one or two days’ worth of time every week, right now?

- What part of your business must you scale next to make the biggest impact? (How will you decide?)

- What's stopping you from starting immediately?

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