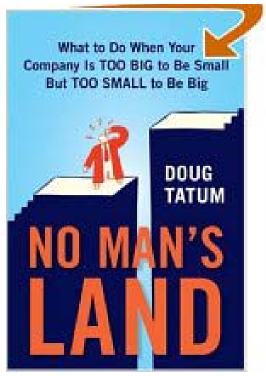

No Man's Land
Doug Tatum

Doug Tatum is the founder of Tatum Associates, one of the largest interim accounting and business leadership firms in the United States. As such, he has seen a tremendous number of business situations in his middle market clients and has summarized some of those observations in this book.

"No Man's Land" is that volatile time a small business experiences during rapid growth. Basically, there are three things that can happen.

1. The small business retreats from the kind of growth that would transform the business and remains a successful small business. This is the kind of choice made by the businesses described by Bo Burlingham as "Small Giants".

2. The business might lose its way and end up failing because of the pressures, changes, and decisions demanded by rapid growth.

3. The third possibility is to make the kinds of transformations necessary to become a large company. Nearly every big company went through this phase one time in their career (the exceptions being big companies that were created by combining already larger companies).

He describes the problem as, "too big to be small, too small to be big" and there are five corollaries to this zone.

1. Rapid Growth has a Clear Beginning

2. Growth Companies Confront Common Problems

3. There is No Shortcut through Rapid Growth

4. No Man's Land Happens Only Once – Path is eased through Brand, Strong Value Proposition and a Distinct Culture

5. Rapid Growth Has a Clear Endgame – Small Business, Continued Growth, Get Acquired or Stagnate

He posits five major elements to overcome on the growth path (conveniently all starting with “M”):

Market Alignment – Market Alignment is obtained when a business consistently delivers a compelling value proposition in a simple exchange. Misalignment happens with the entrepreneur has little contact with customers. In order to avoid misalignment, the values and behaviors of the entrepreneur need to be systematized into the operations of the business. A nice quote, “boredom with the hard work of systematizing the core business has killed a whole lot of companies.”

Management – Outgrowing your original management team is an extremely common occurrence and the cause of a critical junction in every entrepreneur’s career – do you dance with the ones that brung you? There are a series of reasons to have a great management team, including making funding easier, allow focus on strengths and brings new DNA into the business. He identifies the following Myths:

> **Myth#1** – Determine Where You are Weak and Hire to Cover – rather hire to protect your strengths
>
> **Myth #2** – To Grow to the Next Level, You Need to Replace Yourself as CEO – many have made the transition, just need the behavior and action changes
>
> **Myth #3** – Credentials Count above All Else in Evaluating New Management Candidates – It is very important to evaluation the athlete and the cultural fit
>
> **Myth #4** – Culture Is the reason Firms Fail to Assimilate Outside Hires – Establishing Trust in the outside hires is most important – don’t blame culture
>
> **Myth #5** – Professional Management Ensures Profitability and Growth by “Cleaning Up” the Company and Ridding It of Chaos – The real key is the have a balance between “mess-up” and “clean-up” processes

Model – Scalability is the core issue in the Model chapter. Specifically, the transition from high-performance, cheap labor to a normal labor model with systems that scale an ensure the value proposition is maintained for every customer. Confronting this transition is the step-function nature of costs related to the required systems. This is clearly seen in the logistics market.

Money – Money is the fuel that drives growth and there is a theoretical limit to the amount of growth that can be funded based on the margins in the business as well as the capital intensity. Outside capital of a few million is available through VCs, angels and super-angels, but there is a dead spot in the capital markets until Private Equity and professional money gets interested. There are specific cost reasons why professional money cannot go down market and they are unlikely to overcome in the near-term. The answer is to have a profitable, asset light business model and enough cash to carry through the dead spot until professional and strategic debt and equity money is available.

Momentum – The last chapter is the softest issue described, Momentum. There are number of behaviors that Tatum indicats can cultivate momentum in an organization.

> Lever #1 – Optimism
>
> Lever #2 – Clarify the Decision Making Process – People outside the Inner Circle need to able to make some decisions
>
> Lever #3 – Give the Organization a Kick in the Pants – Shake-up the Inner Circle, Do Something Radical, Mess-Up ad then Clean-Up the Business

The last chapter sings the praises of small business and entrepreneurs. He decries the way governments shower benefits and breaks on big companies when small business drives so much employment and growth. These breaks put growing businesses in a worse competitive condition. Tatum also believes that if you are going to give help to anyone, you will get more bang for your buck helping the small business trying to navigate rapid growth.

I thought this was an excellent boo for the CEO and team leading a small to middle market company with good growth and potential. The concept that there is a discontinuous nature to growth is a relatively new concept when explored on all of the above axis. Tatum is pretty food on suggesting approaches to overcoming these challenges based on some practical experience. Time will tell if this becomes a classic, but in the meanwhile, I'd rate it an **A.**