



## **The Breakthrough Company: How Everyday Companies become Extraordinary Performers by Keith McFarland**

McFarland is a consultant that spent considerable time researching 7,000 growth companies that made up a database from Dun & Bradstreet. They studied 7,000 firms, spoke with 1,500 executives and reviewed and cataloged 5,600 documents to draw the conclusions below.

The reason for the focus on small growth companies:

- Only 0.10% of companies reach \$250M in sales
- Only 0.036% of companies reach \$1B in sales

So why are all the books written about these firms?

McFarland posits 9 factors that repeat in successful growth companies:

**Throwing the Dyno** – McFarland describes this as a willful and diligent accent to the next level through focused action. Since growth matters, leaders must continue to growth their firms and there are opportunities for transformative growth if the focus and energy is deployed properly. The critical element is the pace of growth and the ability of the team and the systems to keep pace.

**Crowning the Company** – The early stages of growth are led by the energy and vision of the entrepreneur. As the firm matures, the leader must “Crown the Company”, which is to place the systems and people of the business first so the leader does not become the constraint to growth.

**Upping the Ante** – Growth comes through making intelligent bets based on market knowledge and focus. The best companies in the study continued to up their bets on strategic areas in order to accelerate and maintain their excellent growth rates. It is relatively easy to grow off a small base, but the great ones were able to make the larger bets to keep pace as the business scaled.

**Building Company Character** – Great companies treat customers well. This comes directly through the engagement level and treatment of the employees in the business. McFarland focuses on the behaviors of these firms over the stated value and mission statements. Some of the firms do not have these documents and simply use the Golden Rule or another simple model to drive behavior.

**Navigating the Business Bermuda Triangle** – This chapter echoes “No Man’s Land” very directly. The advantages of being small are traded for the advantages of being larger as the enterprise scales. While this seems obvious, many firms try to act small when they are not sized to do so. One example is making the required investment to implement systems to enable scale – small thinking firms avoid this investment and risk the growth.

**Erecting Scaffolding** – Breakthrough companies erect scaffolding around the enterprise to help them succeed. They tap external resources, join peer groups (no kidding – specifically mentioned) and gather best thinking from other industries.

**Enlisting Insultants** – The term Insultants is a contraction of Internal Consultant. The book advocates listening to those people that are never satisfied with the current state of affairs and encourage the team to question assumptions. This practice of internal renewal through questioning prevents the stagnation that can slow progress.

**Graduating from Tough Times U** – Half full or Half empty? Great leaders see tough times as an opportunity to create crystal clear focus on the leverage items need to move to another level. Many started new ventures or worked hard to shift share during the most difficult times. Normally, people want to hide during difficult times and this is the mistake the book tries to illuminate.

**Building Breakthrough Capabilities** – The book discusses three leverage points in the organization – strategy, people and execution (similar to business model, talent and processes). They focus on strategy as a continuous process rather than a fixed document of annual event as a way to keep the business focused on breakthrough. Basically, the central idea in this chapter is to reduce the learning cycle as a basis for competitive advantage. If your organization can learn faster than the competition, and respond, you will win over time.

I found this book very similar to “No Man’s Land” by Tatum in the structure and the recommendations. Interestingly, many of the same factors exist in the 10X CEO from our organization as well. A solid **B+** book.