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MIGHTY MIDSIZED COMPANIES:
How Leaders Overcome 7 Silent Growth Killers
By Robert Sher

“Problems specific to midsize companies are not always visible. Sher writes passionately about the ways in which leaders can become aware of these challenges and rally their management teams. This is a quiet but hard-hitting game plan.”

— Publishers Weekly

Management advice abounds for today’s companies as they grapple with a recovering economy, growing global competition, and the incessant demands of technology. And while volumes have been written for the small and very large companies, midsized companies—accounting for one third of U.S. jobs and nearly one third of the country’s GDP—have been largely overlooked.

In **MIGHTY MIDSIZED COMPANIES: How Leaders Overcome 7 Silent Growth Killers** (Bibliomotion; hardcover; September 16, 2014), author Robert Sher turns a close eye on the unique challenges faced by midsized companies, classified as those with revenues between $10 million and $1 billion. From low tolerance for risk and learning on the job, to high barriers to internal collaboration, Sher explains how the distinct challenges that plague midsized organizations create ideal conditions for the emergence of *seven silent growth killers*. 
Drawing on his own experience as CEO of a midsized company as well as interviews with leaders of more than 100 midsized organizations, Sher points to seven insidious killers that erode growth and can drive even successful companies into extinction. They include:

**Letting Time Slip-Slide Away**
Time—or rather, lack of appreciation for it—is the first silent growth killer. This growth killer is silent almost by definition because it has to do with that most ephemeral and subjective thing, time. When an organization loses its sense that time is a limited resource, deadlines on critical projects get pushed back with few if any consequences to the individuals and teams responsible. It’s very easy to overlook time that slip-slides away, especially if a CEO allows it. Sher offers four ways that executives can create respect for time and deadlines. Further, he emphasizes the importance of planning and prioritizing as a strategy for optimizing time.

**Strategy Tinkering at the Top**
Start-up companies must always be ready to tinker with their strategy. Because they are trying to tap previously unrecognized or unmet needs, they must tweak, adjust, and change course whenever they discover that those needs aren’t exactly what they thought they were. Big companies simply don’t tinker. They study, analyze, plan, and pilot. But for a midsized company, tinkering with the business’s core strategy can be deadly. Sher outlines how leaders of midsized companies can assess whether their strategy needs to change, and if so, how to go about changing in a thoughtful, well-planned manner.

**Reckless Attempts at Growth**
In the effort to scale, organizations face increased risk and expense. If the attempt at growth costs too much and the revenue doesn’t match the expense, growth won’t materialize, but a cash crunch will. Sher offers three ways to take the “reckless attempt” out of growth.

**Fumbled Strategic Acquisitions**
Acquisitions can be vital part of a growth strategy, but they can also derail an organization. When a corporate giant makes a bad acquisition, it usually has plenty of capital to absorb the loss. But when a midsized company makes a poor acquisition—even if the acquired firm is small—it can knock the company off course for years. Successful less than half of the time, acquisitions are less about the deal and the closing and more about what happens afterward: the integration process and execution of the acquisition plan. Sher provides four best practices for beating the odds against acquisition success.

**Operational Meltdown**
Small firms tend to notice problems in production, distribution, marketing, sales, or other critical processes early on. They have to. If they don’t head off operational bugaboos, they’ll
wake up to find themselves out of business pretty quickly. Large companies typically have established written plans and performance metrics and people who are well paid to monitor them and to make sure there are no operational surprises. Midsized companies, however, usually lack both rigorous processes and dedicated operational troubleshooters. They are often surprised and overwhelmed by meltdowns in key processes, especially those that come from the always-difficult process of automating systems. Sher explains how a rapidly growing bottom line and a rigorously lean operation can actually be a death sentence under the cover of success and illuminates the four early signs that an operational meltdown is looming and provides specific steps to reduce risk.

The Liquidity Crash
Running out of cash can happen to any organization—particularly those making reckless attempts at growth and those suffering financial erosion or a shock to the system. When cash runs dry, the leadership team’s focus is hijacked as they search for liquidity; everything else takes a back seat, even growth, profitability, and key strategies. Sher provides midsized organizations clear steps to prepare for and emerge from a liquidity crisis.

Tolerating Dysfunctional Leaders
When a business grows to midsize, it needs teams to handle projects and manage a larger workforce, and it needs leaders to manage the teams. Big companies can easily survive with two or three weak links on a team of several dozen executives. But two or three weak links out of six or seven (the size of many midsized company management teams)? That’s a recipe for disaster. Having a strong, high-performing leadership team in place is critical to overcoming silent killers—or better yet, avoiding them in the first place. Sher offers insight into how to spot leaders who are not performing, how to find the organizational courage to make timely high-level dismissals, as well as how to reduce the chance of hiring them in the first place through an effective recruiting strategy.

“These problems,” writes Sher, “grow out of sight (and frequently out of mind) in the dark recesses of the midsized organization, unrecognized by management in their daily routines until they emerge as full-blown crises that can threaten the future of the business.”

Using case studies of companies ranging from Jamba Juice to NetApp and industries as diverse as education and environmental consulting, Sher offers practical insight into how to detect and survive the silent killers. What’s more, he introduces a playbook for creating the leadership infrastructure necessary to grow an organization from meek to mighty.
MIGHTY MIDSIZED COMPANIES fills a gap in today’s business literature—offering much-needed and highly-actionable advice for midsized organizations as well as those knocking on the midsized door.

MIGHTY MIDSIZED COMPANIES: How Leaders Overcome 7 Silent Growth Killers
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Robert Sher is founding principal of CEO to CEO, a consulting firm of former chief executives that accelerates the performance of midsized companies by improving their leadership infrastructure. Based in San Ramon, Calif., CEO to CEO has worked with the executive teams at more than 80 companies across the U.S., including skincare products seller Rodan + Fields, mobile phone accessories retailer Cellairis, law firm Hanson Bridgett, and cloud services provider GoGrid.

Prior to launching CEO to CEO in 2007, Robert was chief executive and co-founder of Bentley Publishing Group from 1984 to 2006. He steered the firm to become a leading player in its industry (decorative art publishing). Early in the business, he and his partners identified a gap in the fast-growing market for framed artwork: high-quality yet affordable prints perfect for the decorative market. Sher and his partners bootstrapped the business, but key successes breathed new life and cash flow into the business. He led the acquisitions of four competitors between 1999 and 2004 and left Bentley two years later. The firm merged with Global Arts in 2011 to form Bentley Global Art Group.

MIGHTY MIDSIZED COMPANIES: How Leaders Overcome 7 Silent Growth Killers is his second book.
An interview with Robert Sher, author of MIGHTY MIDSIZED COMPANIES

Q: Why did you write this book?

A: I’m tired of seeing the same pitfalls stop the growth of midsized companies. It is painful for both management and ownership. This book is for the leaders of these companies, businesses that don’t get nearly the attention accorded their smaller and larger brethren—even though they share equally severe headaches. It attempts to highlight critical barriers to growth and provide specific steps for recognizing and overcoming the unique challenges of midsized companies—challenges that smaller firms (less than $10 million in revenue) and bigger firms (more than $1 billion) rarely experience.

Q: How did you arrive at the seven silent growth killers you outline in the book?

A: I started with 12! Our pre-research hypothesis was based on my own experience as a midsized company CEO, my consulting experience, and years in a peer organization where I heard the challenges from other midsized company CEOs. Through the research, some killers turned out to be less common. Others affected small and big companies in the same way they affected midsized firms. We found new possible killers during the research, with the number of killers fluctuating between six and eight. In the end, we settled with seven well-supported, distinct killers that target midsized companies more aggressively than small or large firms.

Q: Of the seven killers, is there any one in particular that leaders of midsized companies struggle with the most?

A: CEOs of midsized firms frequently struggle with Letting Time Slip-Slide Away. As small firms grow to midsized, they often become slower, less able to respond quickly. Strangely, one of the keys to moving faster is more planning and communication, which seems counterintuitive to many CEOs. But the killer that is the most impactful on midsized firms is Tolerating Dysfunctional Leaders. Midsized firms are far too big for one great leader to manage. They need a team of great leaders. Too often, the CEO settles for leaders who do not deliver what the organization needs, and that poor leadership encourages all the other six killers.

Q: You make an important and certainly counterintuitive argument in the book about loyalty. Can you elaborate on why business leaders shouldn’t be loyal to their employees?

A: Being loyal to your employees is not the same as being loyal to the organization’s mission. We are all hired to make good on the mission—the reason the business exists. So long as each employee (and especially the leadership team) are helping the company achieve the mission, the company should be loyal in return. Yet too many leaders are loyal to the people they lead, even when they are not performing. They point to what the person contributed in year’s past. They reference their feelings for the person. Such misplaced loyalty is in fact disloyal to the company’s mission, and can be a breach of the leader’s duty. If, after a short period of counseling, an employee is not performing, they should be dismissed. Members of the leadership team should be held to the highest standard in this regard.
Q: The last chapter of the book is dedicated to creating a leadership infrastructure. Why is this so important, and what does it entail?

A: Leadership Infrastructure (the set of people and processes used by the leadership team to create stability and predictability) is the structure that holds a growing business together. Without stability, leadership is put on the defense, reacting to problems and challenges as they occur. Those challenges are often the work of the seven silent growth killers. Without leadership infrastructure, it is like playing a game of whack-a-mole, fixing one problem after another—a tiring approach. Building leadership infrastructure is a task unique to midsized organizations. It must be grown as the business grows. There are four key elements, and the state of each must be compared to the needs of the business, then a plan must be devised and executed to close the gap. The four areas are quality leadership, planning and governance processes, information and analytics acumen, and the communications rhythm.

Q: If readers took away one thing from this book, what do you hope that would be?

A: That for midsized businesses to grow consistently, leaders must pay special attention to how, when, and to what extent leadership teams and systems are developed, structured, and operated. Powerful, sustainable leadership does not develop organically for midsized firms. It must be built thoughtfully, operated with discipline, and modified as the company grows. If not, the seven silent growth killers will make management’s lives miserable.
Praise for MIGHTY MIDSIZED COMPANIES

“Robert Sher has written a very important book in these times of economic uncertainty, and every executive team member of a midsized company should read it.”
— Warren Bennis, author and Distinguished Professor of Business Administration at the University of Southern California

“Through interviews with CEOs as well as real life case studies, author Robert Sher shows readers how to keep a midsized company healthy and avoid the seven dangerous mistakes that kill growth.”
— Ken Blanchard, coauthor of The One Minute Manager® and Legendary Service

“Robert Sher offers powerful insights into how to address the critical issues that can derail growth in midsize companies.”
— Douglas Conant, former CEO, Campbell Soup Company and the New York Times bestselling author of TouchPoints

“Mighty Midsized Companies superbly identifies the seven silent killers which routinely throw a wrench into a company’s development and provides excellent solutions for fostering success. A terrific read.”
— Stephen M. R. Covey, author of the New York Times and Wall Street Journal bestseller The Speed of Trust, and coauthor of Smart Trust

“What a valuable book! Sher understands the unique opportunities—and temptations—that middle market companies meet on their road to growth.”
— Thomas A. Stewart, executive director, National Center for the Middle Market

“Robert Sher’s insightful and useful book could only have been created by someone who’s been immersed in this world as practitioner and thought leader. Let’s hope that this book is the first of many to shine the spotlight of public attention on this high-performing sector and its leaders.”
— George Gendron, long-time editor-in-chief of Inc. Magazine and founder of The Build Network for mid-sized companies, a co-venture of Inc. Magazine and Fast Company