

Revitalize Your Mature Company to Sustain Market Leadership

Do you remember when managing your business stopped being fun?

Managing a growing business is difficult but it is often a great deal of fun. Every month and every quarter revenues rise and resources grow. The outlook is rosy and emotions are ebullient.

But, inevitably every market matures and every business model tires. If you have been in a growing business, and even if you have been the clear market leader, you will eventually face maturity. Often the confrontation is ugly. The management team moves from ebullience to denial to panic. Many companies including Digital Equipment, Polaroid, AT&T, McDonald's, and Toys 'R' Us have experienced this painful transition. No one is immune: Maturity comes to high tech and low tech, industrial and consumer, retail and services.

The amazing thing about this transformation is that it is often clearer to outside observers than it is to those actively involved. Investment bankers drop in and suggest that the business be run differently. Securities analysts and investors bid down the company's price/earnings multiple. Customers are more aggressive about requiring and demanding price and service concessions. The bloom is off the rose. But, the management team, led by the incumbent CEO, is often unwilling to believe that the magic has gone. There is very little space between denial and panic. Sometimes, the management team cycles between these two counterproductive emotions in a paralyzed way, starting many inconsequential initiatives, but finishing none. As time passes and resources dwindle, the situation gets worse, and the ability to deal with it decreases.

Dealing with the maturing company is intellectually difficult. But, emotions make it even more difficult. The management team needs a process and a set of analytics that is so strong and incontrovertible that it insures that the team will coalesce around a shared set of diagnostic insights and a common course of action.

In this article we provide a set of simple analytics for you to monitor maturation, and precisely define its nature and sources in your business. We then offer a process for you to effectively refocus and positively re-energize your organization and business for a new, perhaps even better, growth phase.

Searching for the Fountain of Youth

The failure cycle in mature companies is well-documented.¹ In a mature company facing the failure cycle, there is not much room between denial and panic. Sooner or later, your growth will

¹ *Why Bad Things Happen to Good Companies* by Benson P. Shapiro, Adrian J. Slywotzky, and Richard S. Tedlow, Harvard Business School Publishing, November 1994, HBS No. 595-045. Order from Harvard Business School Publishing at 800-988-0886 or www.hbsp.harvard.edu.

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