

How to structure companies for high growth

Companies are actually able to grow faster provided that they have strong internal planning and control systems in place early on.

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One of the motivations that drives companies is the ability to generate sustainable growth over time. High-growth companies are highly sought after by stakeholders for various reasons: by investors, for high returns; by founders, for validation of their business ideas; by managers, to beat competitors; by governments, in recognition that entrepreneurship and innovation are important engines of economic growth around the world. Indeed, high growth has multiple benefits – if it can, in fact, be achieved.

Yet putting a company on a path to growth is no easy feat. Sooner or later, various business forces conspire to slow growth down and eventually bring it to a halt. Some are trapped by external forces, while other trajectories are flattened by internal forces. Some never take off, while others only ever reach low flying altitudes. The few that do make it cannot stay safe forever. All companies face the challenge of how to defy the forces of business gravity.

In this article, we suggest some ways that companies can create and develop growth platforms and generate the ability to execute on their promise, leading to sustained performance and continued reinvention over time. We base our discussion on a study of 78 highgrowth start-ups in the United States that formed part of the Stanford Entrepreneurial Management Systems (SEMAS) project, along with a wealth of teaching, case writing and other research projects we have undertaken in this field. The factors that we found conditioned growth in entrepreneurial firms contain important insights for all companies looking to better understand the association between management systems and accelerating

growth.

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