

FIGURE I-1

Founder-led companies outperform the rest

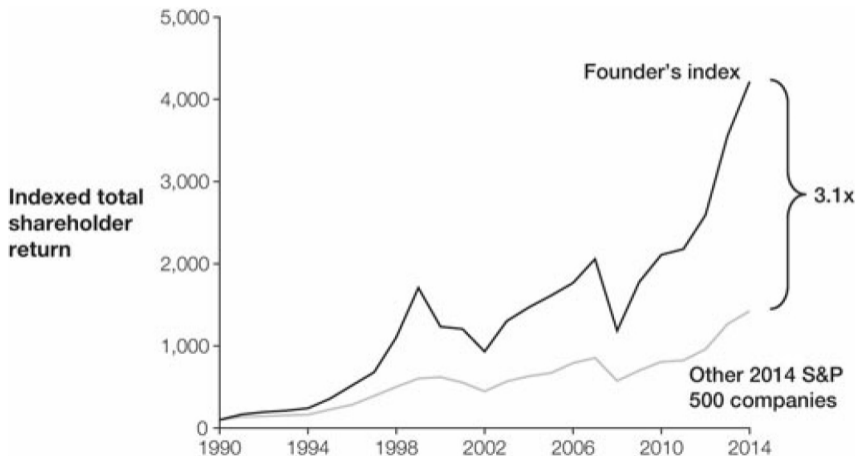


FIGURE I-2

Executives perceive a decline in the founder's mentality with size

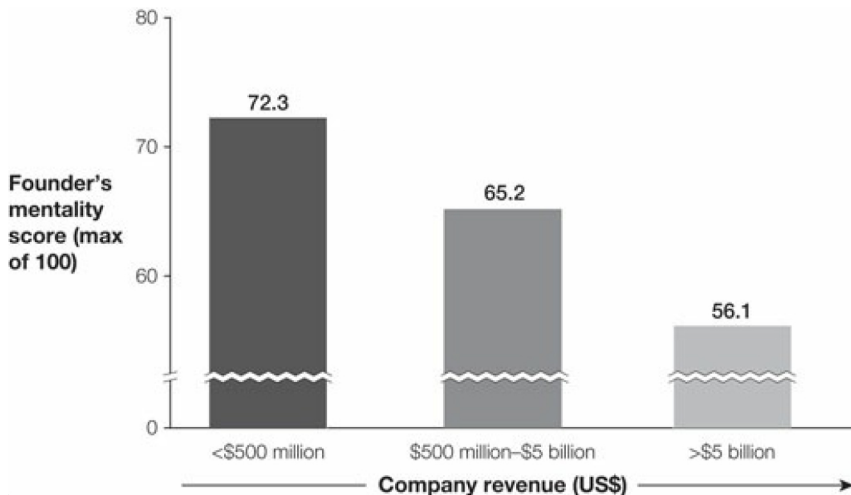
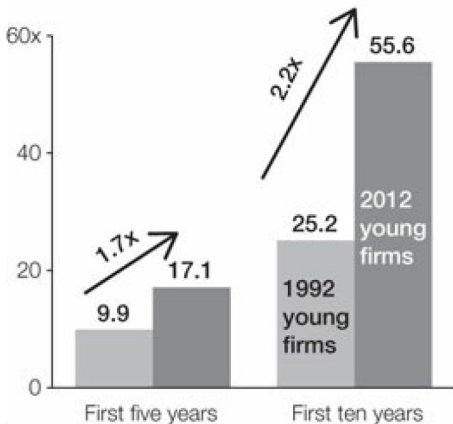


FIGURE I-3

Increasing speed of scaling and declining

Scaling of young firms



Top-50 large company declines, 3-year CAGR

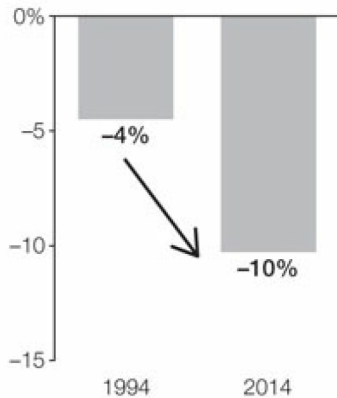


FIGURE 1-1

The defining traits of the founder's mentality

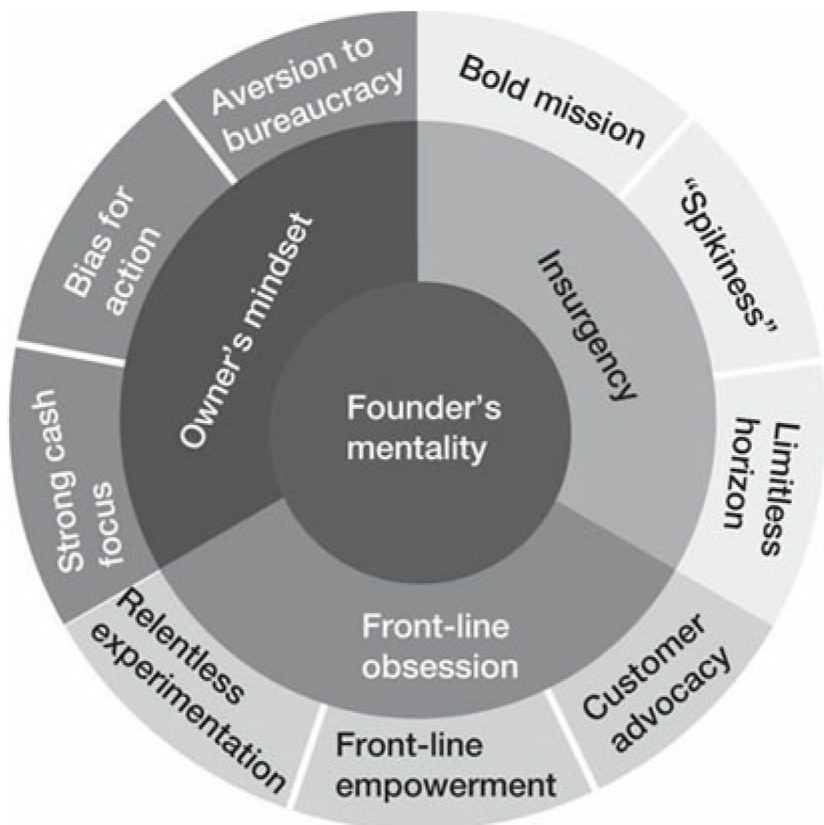
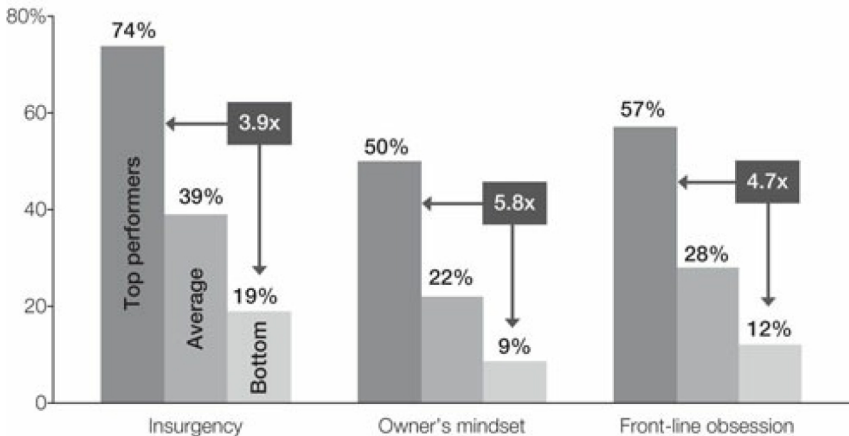


FIGURE 1-2

Top performers adhere to the traits of founder's mentality

Percent of companies scoring 4 or 5 (out of 5)



Insurgency

Bold mission	<ul style="list-style-type: none">• We are clear about the “big why”—the unique purpose for why we are in business.	—
	<ul style="list-style-type: none">• I find our mission to be personally energizing and inspiring to those around me.	—
“Spikiness”	<ul style="list-style-type: none">• Our organization is clear on the one or two capabilities that drive our differentiation with customers.• We have a repeatable model for growth that will allow us to capture or extend leadership in our markets.	—
Limitless horizons	<ul style="list-style-type: none">• We are focused on the long term in our investments and our budgetary decisions; managing quarterly earnings is truly secondary.	—
	<ul style="list-style-type: none">• We embrace turbulence and are experimenting and building new business models ahead of the competition.	—

Front-line obsession

Relentless experimentation	<ul style="list-style-type: none">• We innovate and experiment a lot in the field; this drives our learning and is a competitive advantage.• We have an efficient feedback process in place to help us understand what is working and take corrective action quickly.	—
Front-line empowerment	<ul style="list-style-type: none">• We are the most sought-after employer by top talent in our industry.• We treat our front-line people as the heroes of our business and do whatever is needed to support them.	—
Customer advocacy	<ul style="list-style-type: none">• We are clear about who our core customers are; their loyalty is a competitive advantage.• The voice of the customer is fully represented in all important meetings.	—

Owner's mindset

Strong cash focus	<ul style="list-style-type: none">• We have a sharp focus on cash and costs; we treat each dollar as if it is our own.• We rapidly redeploy people and capital wherever they are most critical to the business.	—
Bias for action	<ul style="list-style-type: none">• Our organization makes and acts upon key decisions faster than our competitors; speed is an advantage for us.• People in the organization are quick to take on personal responsibility and risk to do the right thing.	—
Aversion to bureaucracy	<ul style="list-style-type: none">• We have simplified our initiatives to focus on the biggest priorities that deliver value.• Our planning and review processes are the best in our industry, efficiently reallocating resources to make our front line more competitive.	—

Overall statements

	<ul style="list-style-type: none">• Our biggest barriers to growth and future success are much more internal than external; our fate is in our hands.• Our main competitors five years from now will be different companies than those in the past five years.	—
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FIGURE 1-3

The founder's mentality map

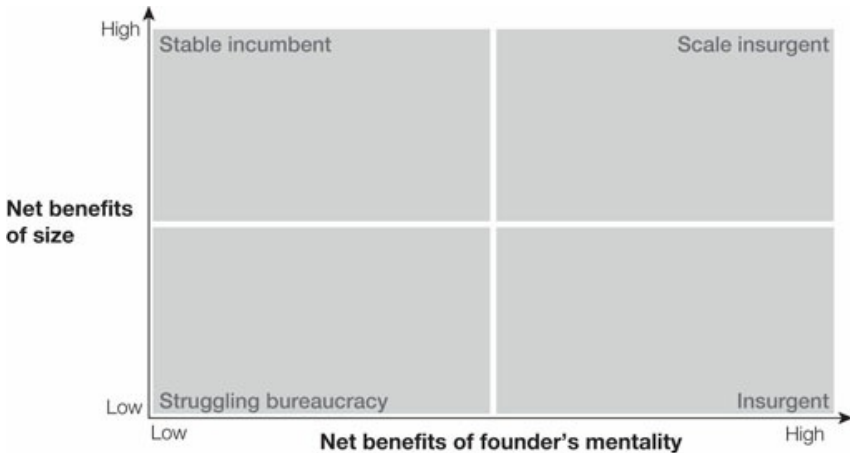


FIGURE 1-4

The journey north: Achieving profitable growth at scale

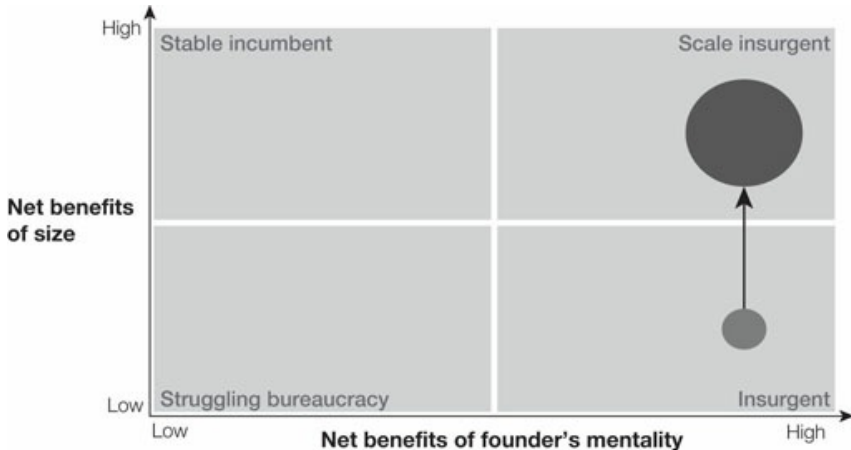


FIGURE 1-5

The default path: Problems that come with scale

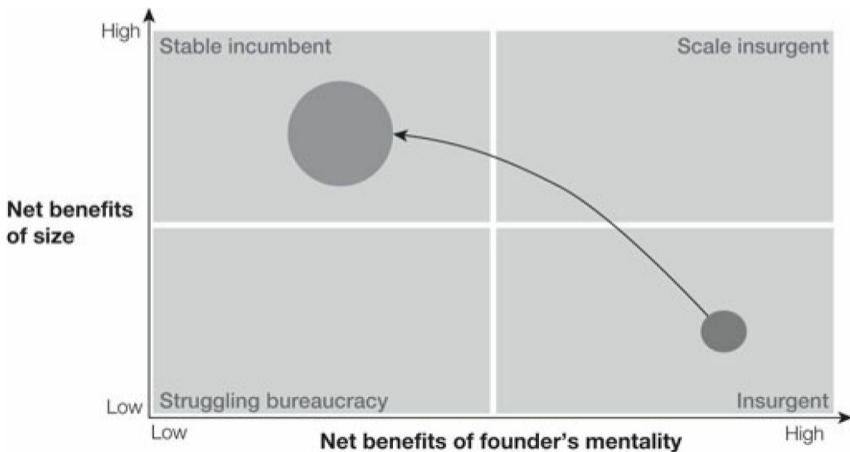


FIGURE 2-1

Speed of major stall-outs

Revenue CAGRs for 50 largest market cap declines in 2007–2013

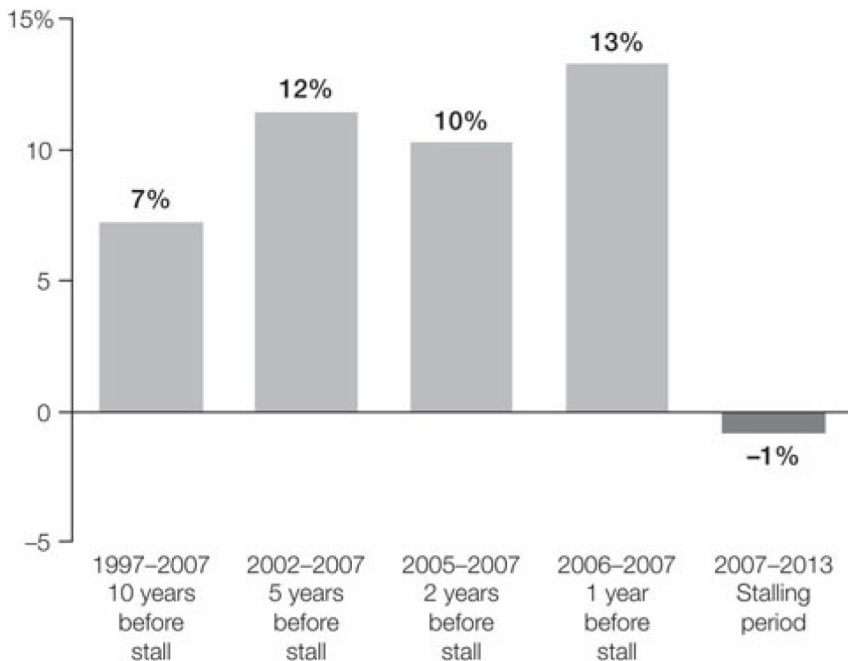


FIGURE 2-2

Rates of value creation during different phases of companies' life cycles

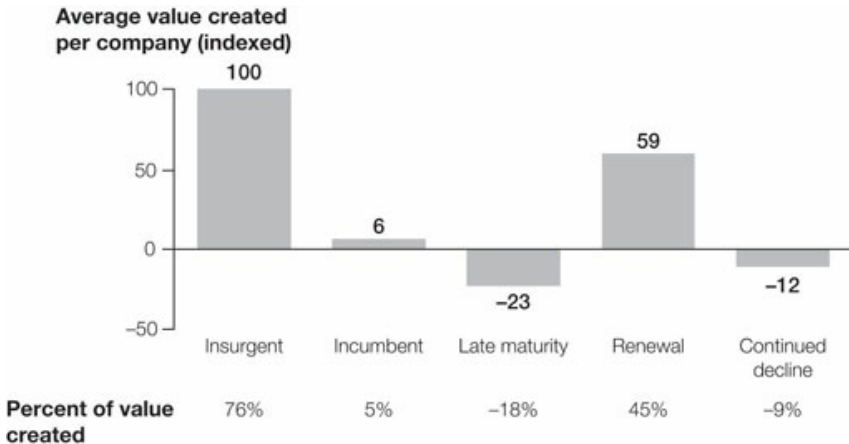
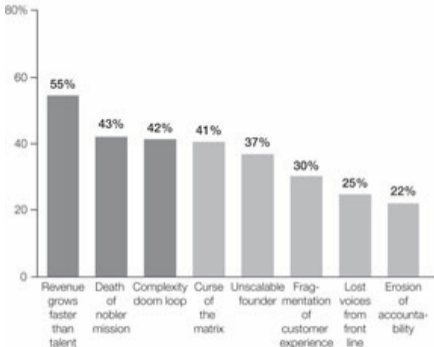


FIGURE 2-3

Barriers to profitable growth are both internal and external, and the internal ones are harder for leaders to manage

Founder's Mentality survey (N = 325),
percent of companies



Founder's Mentality 100 surveys (N = 56),
percent of companies

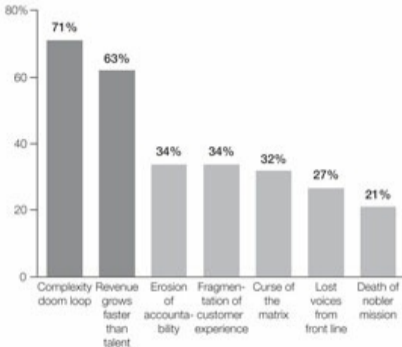


FIGURE 2-4

The westward winds

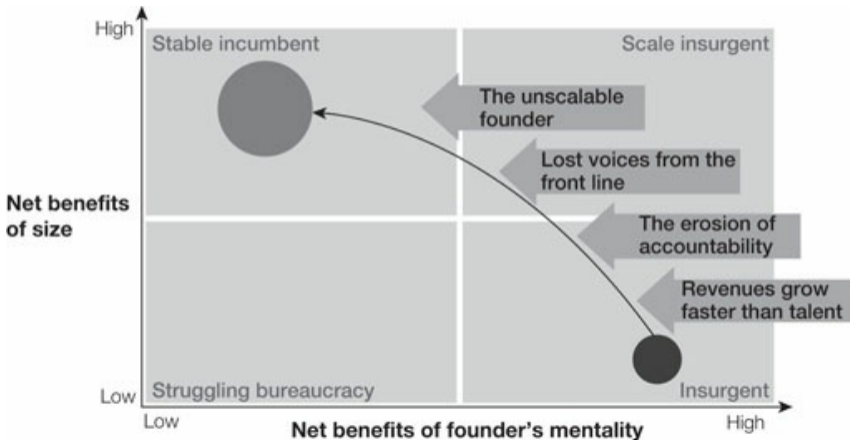


FIGURE 2-5

The southward winds

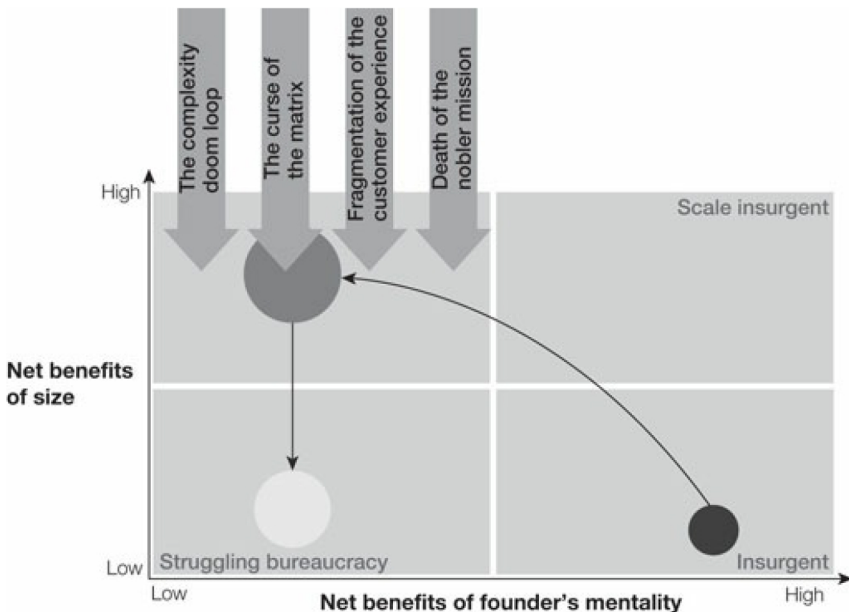


FIGURE 3-1

Fighting the crisis of overload

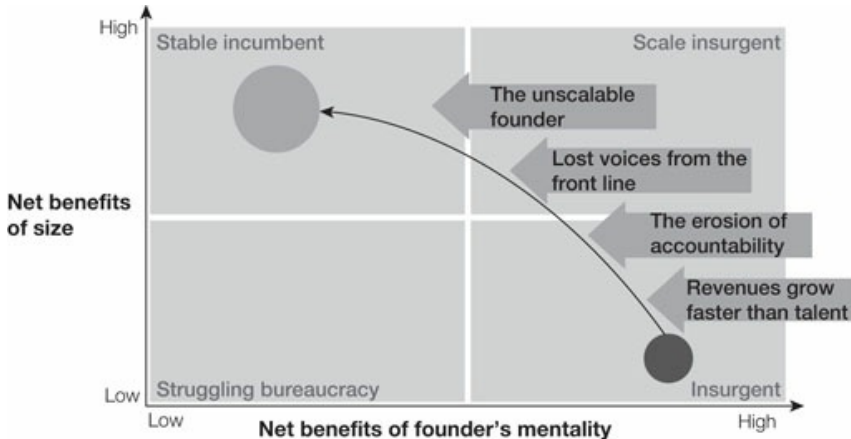


FIGURE 3-2

The renewal of Norwegian Cruise Line

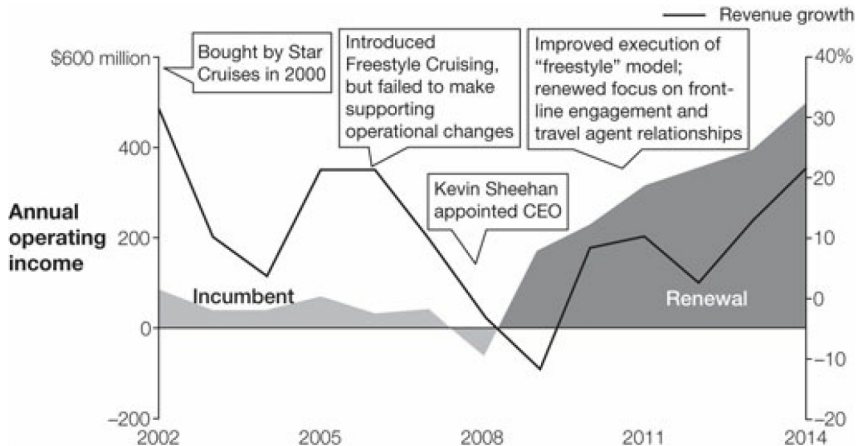


FIGURE 4-1

Stall-out: The crisis of slowing growth

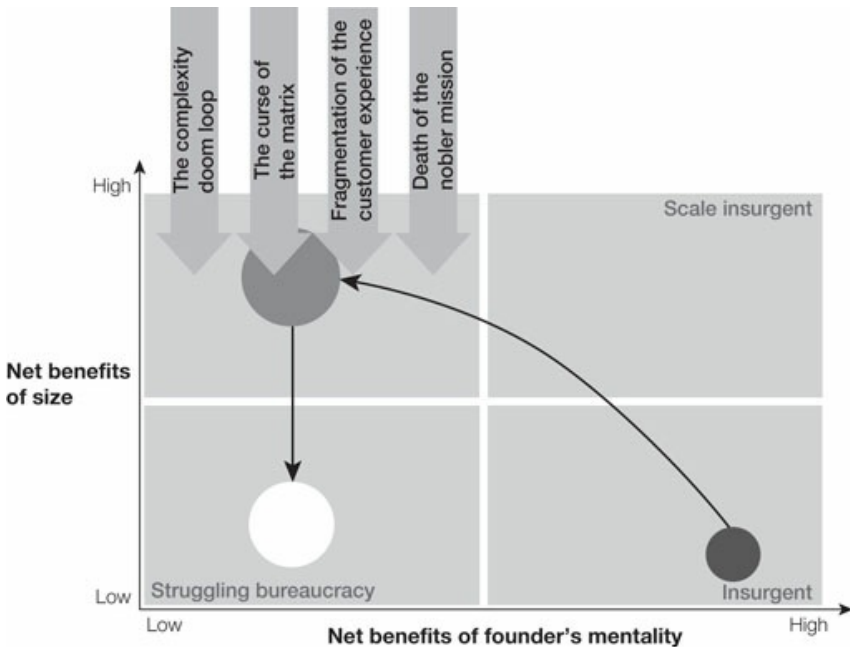


FIGURE 4-2

Stall-out and recovery of The Home Depot

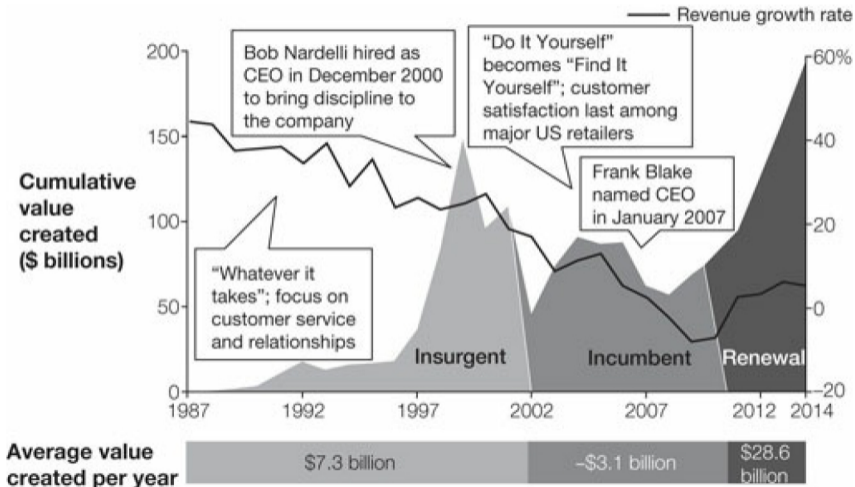


FIGURE 4-3

Frequency of stall-out and recovery

Fortune 500 companies

(Review period 1998–2013)

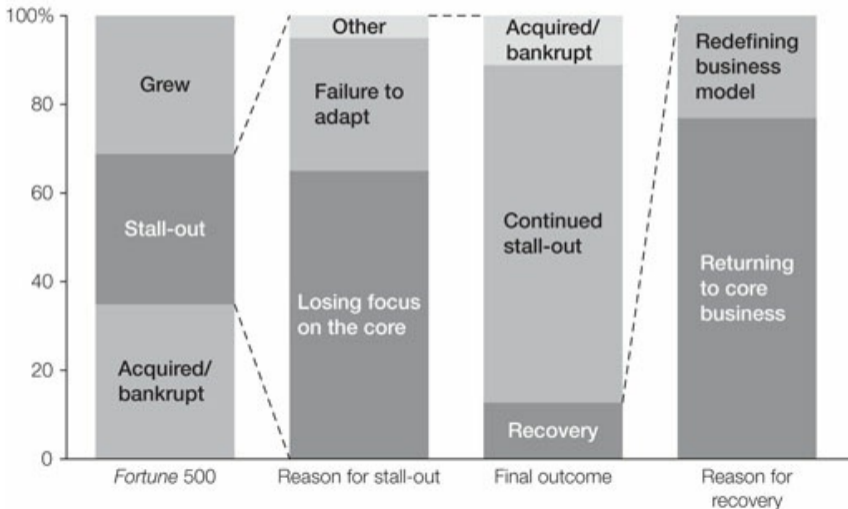


FIGURE 5-1

Free fall: Rapid decline as a result of both internal and external factors

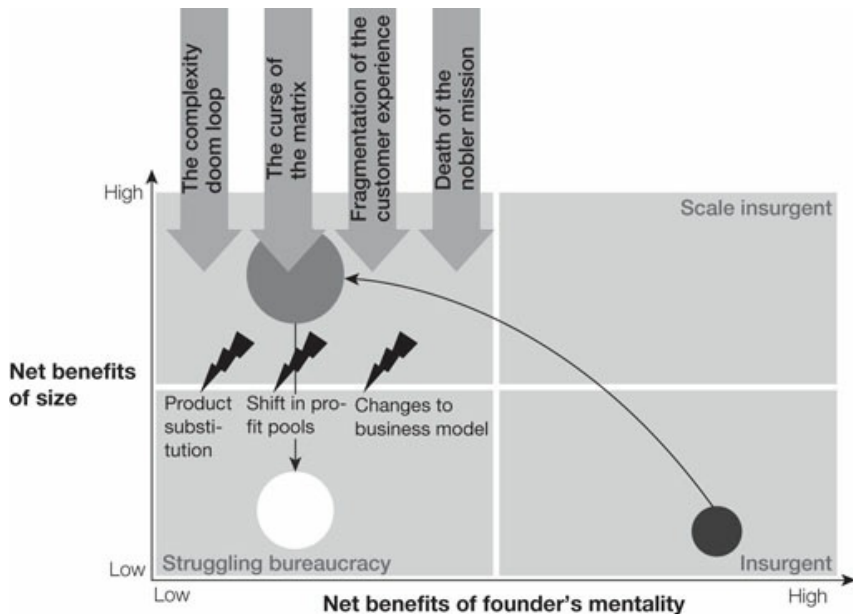


FIGURE 5-2

The free fall and transformation of Charles Schwab

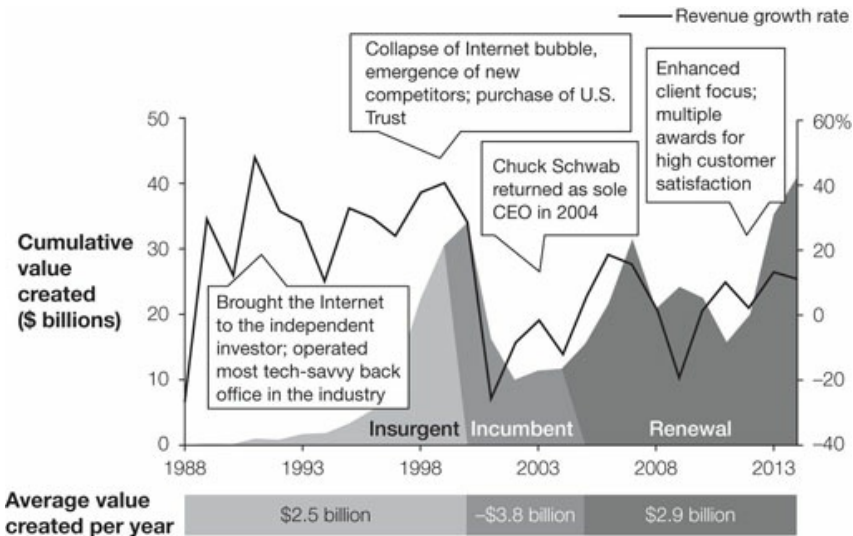


FIGURE 5-3

Performance of the refounded DaVita

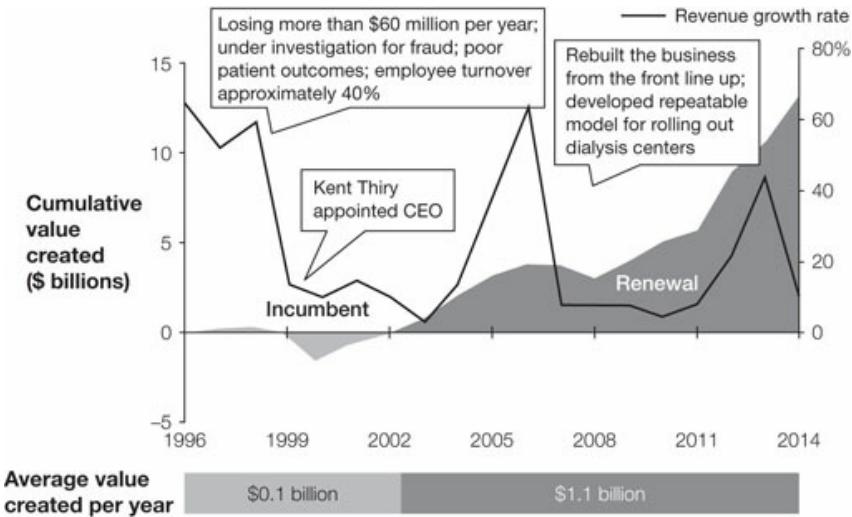


FIGURE 6-1

Scale insurgency as an objective for leaders

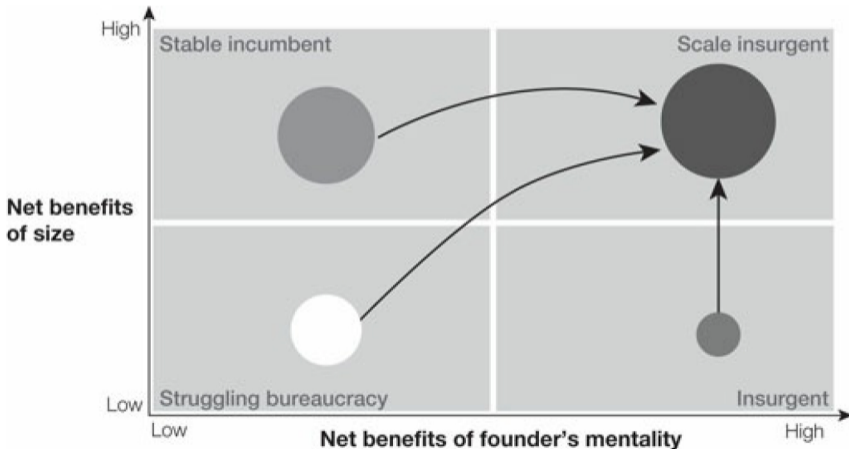


FIGURE 6-2

The capability matrix

