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Coaching For New Business Creation

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Coaching for New Business Creation

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The authors describe a successful intervention to shepherd a young company through its early stages of development. Equipped with an appreciation for the systemic issues that confront new firms, a fresh (even counter-intuitive) business development model, and consulting, coaching and project management tools to wield, the authors distinguish how to address 'parenting' stage-specific challenges. With an integrated team approach, the change agents determine where and when to provide content and process expertise (consulting), and to provide context challenge, perspective, opinion and structure (alignment and executive coaching).Over time, the client organization is able to learn and grow its processes, systems and human capital to develop in a sustainable manner. This bodes well, not only for the organization, but for the larger business ecosystem in which it resides.

Esteban, the CEO and owner of GREEN, a new furniture company located in Hermosillo, Mexico, was perplexed regarding the figures in his last quarterly profit and loss statement. He had just returned full of enthusiasm from California, where the company's sales had exceeded his forecasts, making plans for what he thought was a promising future.

According to the quarterly report, however, factory costs had skyrocketed, and inventory levels showed costly oscillations between overstock and stock rupture--in spite of having made a significant investment in implementing a state-of-the-art lean manufacturing system developed by an engineering team at one of the top technology and business schools in the country. In other words, the company was actually losing money on each one of its product lines. The factory managers and supervisors in this small factory were unable to explain to him what went wrong. Under pressure, they started to blame each other for the lack of cooperation and skills of its 34 workers.

That was enough for Esteban to take immediate action. He didn't leave a safe and promising career as industrial engineer in a multinational corporation to become another failed entrepreneur. After firing the production manager he hired six months before, he asked ITSON's[1] *Performance Improvement Institute*[2] incubation[3] team to find answers for his burning questions. What went wrong? How could experienced workers fail to understand and use such a simple and logical manufacturing system?

Our research regarding this and many other cases shows that GREEN's crisis was not just a case of poor implementation or inadequate technology, but part of a larger systemic failure that menaces new businesses when they try to implement "tried and true" performance improvement techniques (INEGI, 2004).

What went wrong? How could experienced workers fail to understand and use such a simple and logical manufacturing system?

FROM "PERFORMANCE IMPROVEMENT" TO "PERFORMANCE CREATION"

Each year, thousands of new ventures – mostly single-ownership micro-businesses - start in Mexico and the United States, most of them like GREEN, developed by young, energetic entrepreneurs, like Esteban, who are trained in larger companies. These new ventures employ an average of 90% of both the U.S.'s and Mexico's workforce. Statistics show that only a third of these new companies survive its third year (INEGI, 2004; USBA, 2005).

According to recent research (USBA, 2005; NBIA, 2006; Camp, 2002), the root cause of mortality among newborn companies is not a lack of capital, wrong technology or poorly designed products – although all of them are frequently related *consequences*. Rather, the root cause is *the application of inadequate conventional management and "performance improvement" techniques or models developed for larger, more mature companies*. Successfully developing new companies requires that entrepreneurs, managers and coaches move from the tried-and-true "performance improvement" game to the new game of "performance creation".

New companies such as Google, Skype, Netflix, Pixar or Amazon are creating new markets, rewriting competition rules and implementing unconventional business models instead of "*benchmarking*" Fortune 500 predecessors such as Microsoft, AT&T, Blockbuster, Disney or Barnes & Noble.

If you are consulting to or coaching a new company, chances are your client business model, instead of looking like the large, mature, multinational corporation that you studied in business school, will look more like a 21st century knowledge-based company (Friedman, 2005; Toffler, 2006), a creative, intellectual property producer (Afuah & Tucci, 2003; Davenport, 2005; Florida, 2005; Teece, 2003), a virtual organization that manages globalized value chains (Bernardez, 2003; Dell, 1999; Hoque, 2000), a business oriented to serve new, emerging or even 'bottom of the pyramid' (BOP) markets (Prahalad, 2005), or some combination of all these.

Successfully developing new companies requires that entrepreneurs, managers and coaches move from the tried-and-true "performance improvement" game to the new game of "performance creation".

Effectively coaching new ventures requires moving from business "geriatrics" paradigms, focused on turning around mature companies, improving existing performance or "teaching elephants to dance," to the uncharted territory of business "pediatrics," where consultants more closely resemble an Ob/Gyn, a midwife or a pediatrician than an engineer, lawyer or accountant.

FROM THE "KITCHEN TABLE" TO IPO: DEVELOPMENTAL COACHING FOR BUSINESS CREATION

A first step for successfully coaching new business is to consider the process of business creation as a *developmental process* that takes an idea from the "kitchen table" to start- up to IPO. Developmental psychology might provide an interesting metaphor for the process of coaching for business creation.

If you are consulting to or coaching a new company, chances are your client business model, instead of looking like the large, mature, multinational corporation that you studied in business school, will look more like a 21st century knowledge-based company .

Our experience in incubating companies at the *Performance Improvement* Institute has shown us that in helping to "rear" new companies, a business coach must address changing challenges from an *evolutionary* perspective, where considering the new venture's future development must take precedence over fast fixes or static analysis. In order to address the rapidly-evolving developmental crises in a new organization –GREEN, for example - interventions must be implemented in gradual steps that allow the new, immature organization to react and regain balance before taking its next step rather than implementing a more invasive, systemic intervention that might "succeed but kill the patient."

Following this developmental approach, coaches should treat interventions in newborn organizations the way surgeons perform surgery in young children: consider that the patient's rapid pace of change – qualitative and quantitative - will require future "corrections" and will likely be a major factor in the final resolution of the problem. As in the development of healthy and successful human beings, coaching new ventures goes through four clearly defined "parenting" phases:

(1) Planning and "planting" "seed companies" at the "kitchen table";
(2) Baby-sitting "toddler companies" through startup;
(3) Coaching "adolescent" organizations through growth crises and conflicts in differentiating themselves from "parent" business models; and
(4) Helping businesses to "graduate" and find self-sufficient and sustainable market niches.

Stage 1. Conceiving a Viable "Seed" Company

Every business starts with an idea, usually a mix of ***rational*** elements, such as product or service technology, specific knowledge and skills, experience in the industry, and financial resources; "***quasi-rational***" estimates, such as sales projections, potential customer and market behavior and evolution; and a significant amount of passion for the project and the independence, self-realization and self-gratification that characterizes and sustains entrepreneurial behavior (Drucker, 1985; McClelland, 1961; Schumpeter, 1934, 1942; Weber, 1930). Add to this mix of rationality and emotionality the fact that most new businesses start with the personal participation of friends and family in financing and decision-making, and you will get a more realistic appreciation of the coaching challenges during this stage.

Like most parents, business founders tend to have ambitious, unrealistic and occasionally conflicting expectations about their "baby project."

Coaching new business at the "kitchen table" stage requires addressing the tensions and conflicts between rationality and passion (both indispensable at this stage), between strategic vision and organizational balance, and between those involved in moving from owning an idea to chartering a viable organization. Like most parents, business founders tend to have ambitious, unrealistic and occasionally conflicting expectations about their "baby project."

At the "seed" stage, most entrepreneurs tend to develop business plans, biased to one of their particular strengths (for example, product, profits, clients, organization) to the detriment of other dimensions that might be critical for establishing a self-regulating organization. Using systemic models for business design such as Kaufman's ***mega planning*** (Kaufman, Oakley-Browne, Watkins, & Leigh, 2003) or Rummler and Brethower's ***anatomy of performance*** (Brethower, 2007; Rummler, 2004), professional business coaches can help entrepreneurs to control their biases and develop healthier, scalable business models and organizations.

Perhaps the most common form of "kitchen table" bias is the "***field of dreams***"[4] approach: to just hope that if we "***build it, they will come***," like Kevin Costner's character in the popular movie. Guided by their passions and preferences, most entrepreneurs' business projections are based on exploiting their ***internal*** strengths or wishful thinking about capturing passing opportunities, rather than in a careful assessment of ***external*** realities and trends. This approach fails to address a key strategic question: ***how will the new project actually add value to customers and community in order to sustain its long-term success***?

In order to avoid the “field of dreams” trap, the business coach must help entrepreneurs to define and quantify the benefits of their project for the client, market and community (mega perspective), that will generate steady revenues for the organization (macro), thus establishing a solid case for the new business that not only shows the profit estimates, but the rationale and benefits for all critical stakeholders.

Perhaps the most common form of “kitchen table” bias is the “field of dreams” approach: to just hope that if we “build it, they will come”.

In coaching new business at the “seed” stage, our incubation consultants use a three-layered business case tool that *defines*, *quantifies* and *relates* the value added to clients, market and society that the project will produce (mega), the revenue model for the organization (macro), and the mix of products and services (micro) to be delivered.

In Table 1 we provide an example of a three-level, double bottom line business case for an organization such as GREEN.

Table 1. Double Bottom Line Business Case (Bernardez, 2007).

PROJECT: Software Cluster

MEGA "TOP LINE"	2007-2011	2007	2008	2009	2010	2011
Direct jobs	3,000	100	600	700	800	900
Ratio Indirect jobs/Direct Jobs	1.30					
Indirect jobas	3,900	130	780	910	1,040	1,170
Annual average income Direct Jobs	134,400	134,400	134,400	134,400	134,400	134,400
Annual average income Indirect Jobs	84,000	84,000	84,000	84,000	84,000	84,000
Direct Jobs "ripple effect" revenue	416,640,000	13,440,000	80,640,000	94,080,000	107,520,000	120,960,000
Indirect Jobs "ripple effect" revenue	338,520,000	10,920,000	65,520,000	76,440,000	87,360,000	98,280,000
Accident disabilities cost reduction	0.50%	67,200	403,200	470,400	537,600	604,800
# Companies generating revenue	**14**	4	14	14	14	14
Annual revenue national	**4,500,000**	16,704,000	58,464,000	58,464,000	58,464,000	58,464,000
Annual revenue international	**7.20%**	1,296,000	1,296,000	1,296,000	1,296,000	1,296,000
New homes		13	81	94	108	121
Ratio % over salary	**25%**					
Housing investment	**250000**	3,360,000	20,160,000	23,520,000	26,880,000	30,240,000
MEGA RESULTS	**75,516,000**	**45,787,200**	**226,483,200**	**254,270,400**	**282,057,600**	**309,844,800**

MACRO "TOP LINE"	2007-2011	2007	2008	2009	2010	2011
Rent revenue		2,340,000	468,000	468,000	468,000	468,000
General services revenue		420,000	2,940,000	5,460,000	6,300,000	7,140,000
Professional services revenue		894,240	6,259,680	11,625,120	13,413,600	15,202,080
Support services revenue		0				
MACRO RESULTS	**738,667**	**365,424**	**966,768**	**1,755,312**	**2,018,160**	**2,281,008**
DOUBLE TOP LINE (MEGA+MACRO)	**76,254,667**	**4,615,262**	**22,744,997**	**25,602,571**	**28,407,576**	**31,212,581**

MICRO	2007-2011	2007	2008	2009	2010	2011
Spaces rented	2,600	520	520	520	520	520
General services	3,100	100	600	700	800	900
Professional services	5,300	100	700	1,300	1,500	1,700
Support services	3,100	100	600	700	800	900
Other services	5,300	100	700	1,300	1,500	1,700
TOTAL MICRO OUTPUT	**19,920**	1,440	3,120	4,520	5,120	5,720

COST	2007-2011	2007	2008	2009	2010	2011
Initial investment		97,671,742				0
Project cost						
Land						
Construction						
Infrastructure						
Project research		318,900	406,900	365,300		
Capital cost		3,527,663	3,530,831	3,529,334	3,516,183	3,516,183
Services cost		1,461,696	386,707	702,125	807,264	912,403
TOTAL COST	**1,206,532**	**10,298,000**	**432,444**	**459,676**	**432,345**	**442,859**
CONVENTIONAL BOTTOM LINE	**-467,865**	**-993,258**	**53,432**	**129,564**	**158,582**	**183,815**
DOUBLE BOTTOM LINE	**75,048,135**	**-568,274**	**2,231,255**	**2,514,290**	**2,797,523**	**3,076,972**
CONVENTIONAL ROI (MACRO/COST)	**0.61**	**0.04**	**2.24**	**3.82**	**4.67**	**5.15**
SOCIAL ROI (MEGA+MACRO/COST)	**63.20**	**0.45**	**52.60**	**55.70**	**65.71**	

By measuring the social and market impact of the new business, this three-level business case helps entrepreneurs make their case in order to obtain government and community support, attract angel investors, inspire staff and align all that the new organization produces and delivers with external, value-adding results.

Parental awareness at conception: from "Field of Dreams" to "Dream Teams"
An entrepreneur's staff selection tends to overvalue loyalty and technical skills. The entrepreneur often fails to soberly assess team compatibility or managerial skills. As a consequence of this bias, business owners who hire at the "seed" stage frequently put together what on the surface looks like a "dream team." These "dream teams" often look to the eye of the entrepreneur like a good tradeoff between "loyalists" who will guarantee control and "professionals" who will guarantee quality. However, because of their "built-in" conflict between trust and competence, such teams cannot play together effectively and are likely to generate paralyzing conflicts.

Because of their focus on defining the business idea, entrepreneurs at the seed stage often fail to define a viable and rational management system.

Professional coaching may help entrepreneurs to hire people that are both loyal and competent, and help create a performance system that will reward and keep both dimensions aligned with strategic goals. During the "seed" stage, professional coaching can help entrepreneurs manage their fears and expectations and assemble viable teams by defining those competencies and talents that will be required to realize the business plan. It can also help vet the selection and hiring process to guarantee adequate, aligned and scalable human capital for the coming stages.

In designing the charter and incorporation of the new company at the "kitchen table" stage, professional coaching can help business founders adopt a forward-thinking perspective and develop an organization that can evolve and effectively support the strategic plan through the startup, adolescence and graduation stages.

Because of their focus on defining the business idea, entrepreneurs at the seed stage often fail to define a viable and rational management system. They often confuse it with their own personal involvement and dedication to the project, which in turn makes them spend their energy digging themselves deeper into non-strategic, low-value issues. Last but not least, professional coaching can be critical in defining a sound and professional management system that can plan, monitor and self-correct to address challenges and problems during the startup phase.

Stage 2, the Startup Phase. Baby-sitting the "Toddler" Organization
Once the new company is on a roll, entrepreneurs, like newborn parents, find their hands full of new demands from an organization that, like a toddler, is still highly dependent on 24/7 care and prone to mishaps that are sometimes unpleasant. Like most newborns, startup companies are very unstable and often respond to sudden changes in their environment by stumbling or overreacting. Managers and supervisors of "toddler" companies require more frequent coaching to help them mature their command and control systems.

In order to make the startup company able to stand on its own feet, entrepreneurs must find a balance between the quick growth and revenue flow required to meet the initial investors' ROI expectations and the sound fundamentals needed to develop clients, markets and a good business reputation.

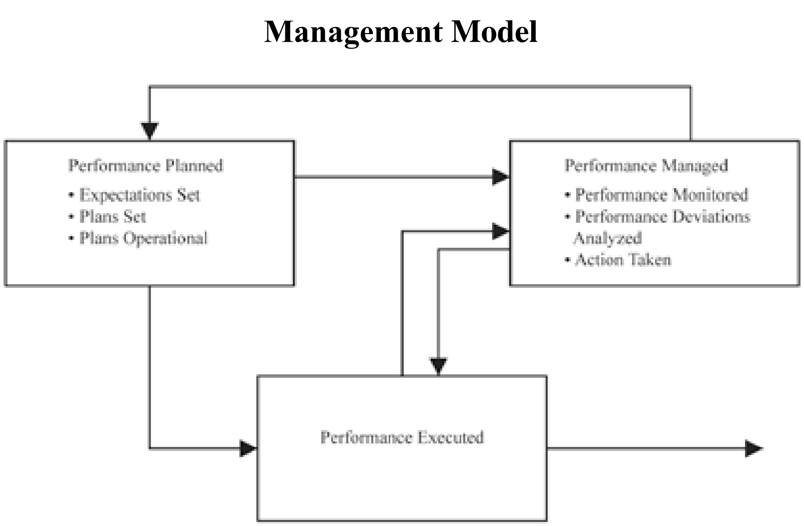
Professional coaching at the "startup" stage must focus on establishing a system and a routine capable of providing feedback "early and often" to all management levels, particularly the business owners. Coaches might need to model how to give and receive feedback to make sure that messengers are not killed or silenced and corrective actions are swiftly taken.

In the case of GREEN, our performance improvement team could effectively coach the CEO to establish an effective feedback system. This would help prevent further surprises by encouraging communication from his workers about dangerous deviations from the plan such as escalating factory costs and uneven inventory levels.

Another significant challenge that entrepreneurs face at this stage is establishing an adequate level of mutual trust required to retain and motivate talented collaborators. During this busy and unstable period, overworked, hands-on entrepreneurs frequently neglect the critical feedback system, both external and internal, that should keep the still fragile company out of troubled waters. Professional coaching can help entrepreneurs prevent management crises during the startup stage by ***explicitly identifying expectations, defining tactical and operational plans, and building shared management calendars, establishing deliverables, due dates and responsibilities***.

Figure 1 shows the components of an effective management system according to Rummler and Brethower (Rummler, 2004). Organizing a management system is also critical to releasing operational pressure and tensions from already overworked entrepreneurs and CEOs, giving them perspective and the ability to handle emotions during the crises (Goleman, 1995; Stoltz, 1997).

Figure 1. Management System (Rummler, 2004)



Alignment challenges at the "startup" stage. As soon as the daily operations frenzy at the startup stage gets going, there are increased risks that planning and strategy will take a back seat to emergencies and fast fixes. Just like when a fire breaks out, running without a plan only feeds the flames.

Improvisational "fever" crises frequently erupt in a "toddler" company. These arise as a consequence of stockholder pressure for unrealistic, opportunity targets that might produce short-term, one-time revenue increases at the expense of fundamentals, such as client satisfaction and reliable service. These are frequently accompanied by the owner's disruptive interventions in the day-to-day management.

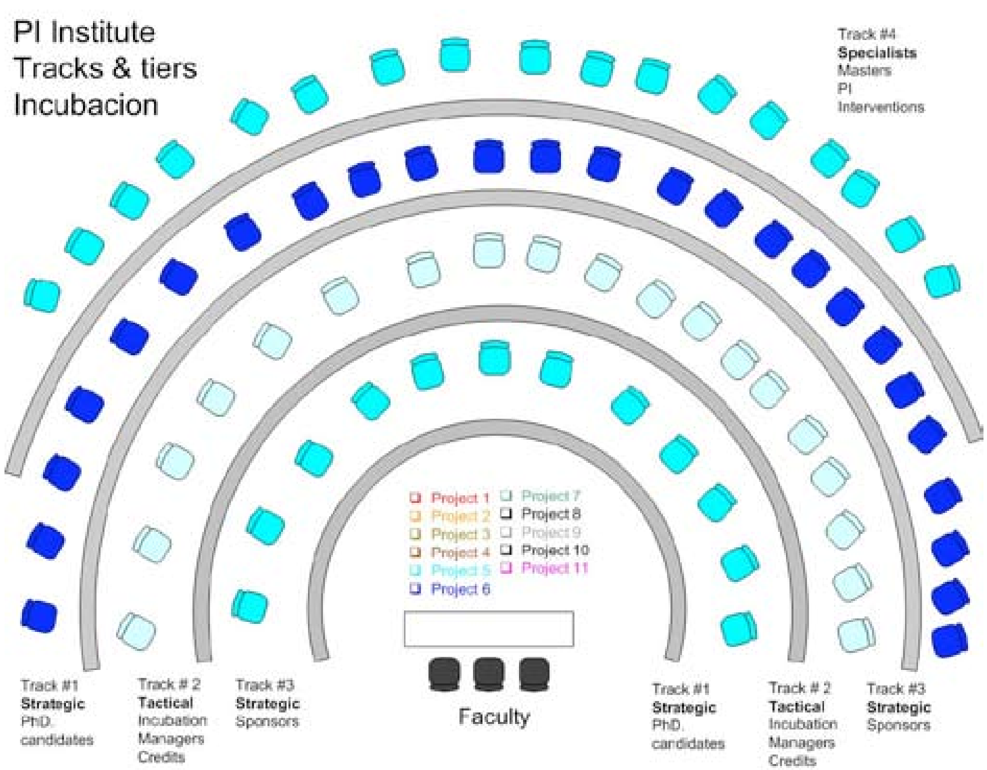
Just like when a fire breaks out, running without a plan only feeds the flames.

In order to prevent the external and internal damages of improvisational crises at the startup stage, professional coaching and consulting must set up alignment sessions to monitor the progress of both business revenue (macro) and client and market success (mega) business case indicators. Executive coaching can also help entrepreneurs rely on their own principles and mission statements as guidelines for operations and day-to-day decisions in order to inspire their staff and differentiate their business in the eyes of clients and strategic stakeholders.

One effective way professional coaching at the startup stage can keep strategy, tactic and operations aligned is by establishing a management system that operates as a "three-ring circus" involving and aligning stockholders (first ring), planners (second ring) and professional managers (third ring).

Figure 2 is an example of how ITSON's *Performance Improvement Institute* program organizes such multi-level sessions and teams for new business incubation. Incubation consultants (Tracks 1 & 2) participate in joint sessions with business owners (Track 3) and specialists (Track 4) as part of ITSON's Performance Improvement Institute incubation program.

Figure 2. Managing the "Three-Ring Circus" of Incubation: A Multi-Layered Approach



Stage 3. Coaching "Adolescent" Companies
As sales and clients grow, revenue flows in, expanding resources and building optimism. Companies are now able to quickly move from the startup stage into stormy adolescence. Fueled by success and the sight of new markets and opportunities, adolescent companies like GREEN often try to manage growth crises by incorporating state of the art technology and management techniques developed in mature companies.

Like most adolescents, CEOs of new companies at this stage overestimate their strengths and underestimate external advice that comes from the "parent" company stakeholders – against whom the new business struggles to assert its own identity - or from staff and workers.

Fading fads in the adolescent company. Like most teenagers, adolescent companies are strongly attracted to technological and organizational fads that, as in GREEN's ill-fated experiment with lean manufacturing, might not meet their real needs or may place taxing demands of time and resources on their still immature organizational structures.

Companies at this stage, like many of us during adolescence, still haven't developed their own identity and struggle to find it by adopting someone else's. Adolescent companies are frequently overpopulated by business consultants that carry out multiple, and often incompatible, improvement projects adopted by owners or managers eager to get into the Big Leagues.

> *The owner of an Argentinean company going through its adolescent period remembered recently how he decided to replace all the office furniture at the company's headquarters so that it would look like the offices of his admired international auditor Arthur Andersen. His employees protested that this was inappropriate and uncomfortable for receiving the truck drivers and meat packers that were their usual visitors.*

Multiple change or improvement projects during the adolescent stage require coordination and sequencing in order to avoid rework—such as continuous changes in the same procedure to accommodate new "definitions:" staff overload. Keeping pace with consultants' demands can be taxing and client service can be disrupted.

> *Picture an ambitious renovation of your house that requires multiple home improvement projects run by independent, uncoordinated contractors that might paint walls before changing the piping or electrical installations, and you will have a realistic picture of how change can run out of control at the adolescent company.*

The judicious combination of professional coaching and consulting services can help adolescent companies align technology and solutions with strategy and avoid incompatible improvement projects, thus preventing change from becoming disruptive or distracting from core work and strategic priorities.

Keeping the company together. Growth crises are the bread and butter of the adolescent stage. Clients change, new products and services are launched, staff increases, processes get more complex, and – just as an adolescent that grows – companies must update their self-image in order to preserve themselves in one piece and move nimbly.

The intense focus of this fast growing stage of capturing markets and clients reduces the time and attention that CEOs and managers pay to workers and the organization. This tends to happen just at the time when a tight operation can be the difference between prosperity and catastrophe. Managers and owners of businesses going through the adolescent stage tend to overreact to crises with quick firings and "blame storming" decisions.

Professional coaching can be critical in helping adolescent organizations recover a holistic, systemic approach and find solutions through teamwork rather than through knee-jerk reactions. GE-type workouts involving all levels of the organization can help attack systemic causes in a comprehensive and timely manner (Ulrich, Kerr, & Ashkenas, 2002; Slater, 2000).

Strife might erupt between "loyalists" attached to traditional business and organizational models and procedures and "innovators" struggling to overcome the roadblocks that past practices and procedures place in the way of implementing a new strategy.

Esteban could bring GREEN engineers, managers and workers together by using workouts. These would involve them in the process of arriving at a common solution and help them learn to fix the causes of the problems that have gone unnoticed to management, owners and external experts. Workouts can become learning events for the entire organization that help develop and implement effective and creative solutions in the fast, nimble way that a fast-growing company requires.

A house divided: "Loyalists" vs. "Innovators". During the adolescent period, as the new organization outgrows the traditional business model of its "parent" corporations, strife might erupt between "loyalists" attached to traditional business and organizational models and procedures and "innovators" struggling to overcome the roadblocks that past practices and procedures place in the way of implementing a new strategy.

Strategic coaching can help both factions in finding common ground by defining and communicating a shared strategy; coaching can also help in establishing a new business model that overcomes the "bottlenecks" and *Catch 22*[5] traps of outdated structures. Coaches can help an adolescent organization create a new, independent identity for itself while keeping and even strengthening its core values and principles.

During the "graduation" stage, the new company must find balance between intuition and organization, moving from a business-centric perspective to a systemic view that includes markets, clients and possible investors and allies.

Using a combination of Roger Kaufman's *Mega planning* model (Kaufman, Oakley-Browne, Watkins, & Leigh, 2003) and *GE-type workouts* (Slater, 2000), incubation consultants can help young organizations find viable ways to reinvent themselves and stay together through the identity crises that characterize the adolescent stage. *Business incubators* (Barrow, 2001; Bernardez, 2007) can help companies that are reinventing themselves to test new business and organizational models by setting special environments that operate as spinoffs, or controlled experiments that can be later re-introduced and replicated across the organization.

Stage 4. Putting New Business Through (and Out of) College

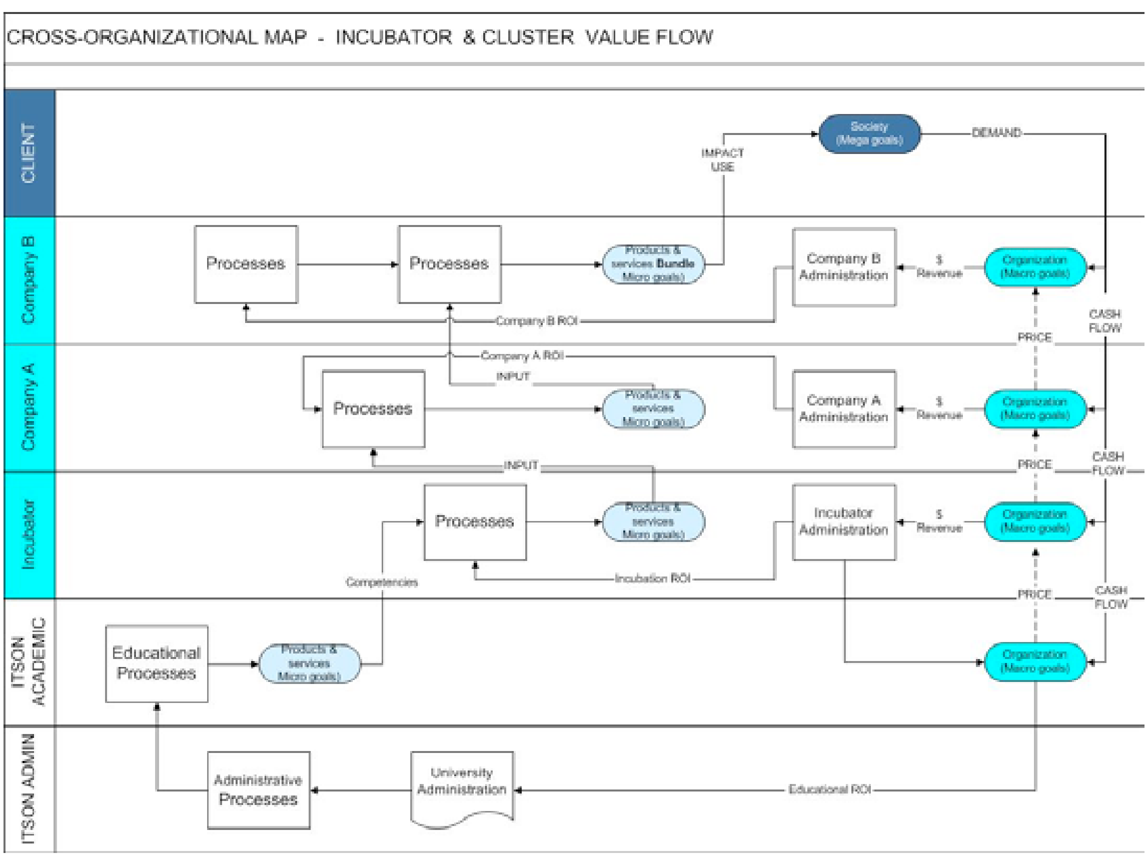
Once the company has field-tested products and services and a cohesive, effective management system, its strategic focus must shift to "shoring" its client base by providing reliable, measurable value to its clients and value chain partners' success.

Actively promoting clients' success is the only proven way to ensure the conventional (Macro) and strategic (Mega) return on the investment that will make the new company attractive for investors and new working capital.

During the "graduation" stage, the new company must find balance between intuition and organization, moving from a business-centric perspective to a systemic view that includes markets, clients and possible investors and allies. Managers and entrepreneurs must also decide on a strategy for expansion, either through issuing options (an IPO), selling the company, or integrating a larger value chain and business ecosystem (Iansiti & Levien, 2004; Prahalad, 2005; Prahalad & Hamel, 1994).

Professional coaching can contribute decisively to the graduation process by helping management integrate four views - business, system, organization and performer (Brethower, 2007; Rummler, 2004) - in an aligned organization. Coaching during the graduation stage also helps to develop an outside-in vision of the organization as part of a business ecosystem and a value-creation chain that serves shared clients and communities. Cross-organizational process maps as shown in Figure 3 help different companies work together in establishing critical alliances and viable business ecosystems. Using this double-bottom line, cross-organizational map, three companies (A, B, and Incubator) operate as a cluster to align their processes and products in order to deliver "top line" value to clients and community. The cross-organizational flow chart serves as a common framework for the companies to agree on internal pricing (i.e., organizational macro-goals; cf Kaufman et al, 2003) as well as pricing to the common client.

Figure 3. Cross-Organizational Map of a Business Ecosystem (Bernardez, 2007)



COACHING FOR ALL THE SEASONS

Our experience in incubating and developing diverse new business at the *Performance Improvement Institute* at ITSON has shown us that coaching for business requires moving from the "geriatrics" of "improving" existing performance to the "obstetrics" and "pediatrics" required by the "*seed*", "*startup*", "*adolescent*" and "*graduated*" stages of new venture development.

Table 2. The "Four Seasons" of Business Creation (Bernardez, 2007).

Business development stage	Main achievements & goals	Conflicts	MFP (Most Frequent Pitfalls)	How coaches can help
1. "Seed" organization	• Viable business plan • Sound business case • Attract "the right mix" of ○ Financial ○ Intellectual ○ Human capital	• Rationality vs. passion • Vision vs. balance • Ownership vs. organization	• "One-eyed" business case • Poor/wrong staff selection • Lack of management skills & model	• Developing a sound and balanced business plan and business case • Vetting staff selection • Coaching for strengths
2. Startup ("Toddler") organization	• Business startup • Sound and scalable organization • Creating a nurturing business ecosystem and placing the toddler company in it	• Quick growth (sales, ROI) vs. strategic fundamentals (value proposition, client, market) • Talent vs. trust	• Lack of internal & external feedback & participation • Unsustainable , harmful growth • Excessive stockholder's intervention	• Establishing feedback "early & often" • Looking at Mega (Kaufman, Oakley-Browne, Watkins, & Leigh, 2003) • Create & manage a "three rings" circus
3. "Adolescent" organization	• Establishing a self-regulating organization • Establishing independent identity • Efficient management • Field-tested product or service	• Business view vs. people view vs. organization view • Management system in place • "Owner" vs. "management" hat • "Fades" vs. solutions	• Adopting "big business" solutions & fades • "Blame storming" and "firing" through crises • "Loyalists" vs. "innovators"	• Working things out of the box (workouts) • Establishing learning moments, events, learning organization • Use incubators, "spinoffs" as "organizational labs"
4. "Graduated" organization	• Self-sustainable business ○ Stable client base ○ Social and conventional ROI • Working capital (IPO)	• Intuition vs. organization • Business view vs. system view • "Hold" vs. "Expand" (or sell)	• Shunning alliances and synergies • Failing to establish win-win, strategic partnership with clients	• Working the four views (Rummler, 2004) • Focusing on strategic market positioning, alliances.

By using a developmental paradigm rather than benchmarking to the "tried and true" of past performance, coaching for new business creation can contribute decisively to create jobs and improve the quality of life of the 90% of the workforce that works for new enterprises. Using Erik Erikson's classic "Life Cycle" model (Erikson, 1959) as a paradigm, we built in Table 2 a chart summarizing the "four seasons" of early business development, defined by their achievements and goals, their specific conflicts, their most frequent pitfalls (MFP), and how coaching and consulting can help at each stage.

Coaching for business requires moving from the "geriatrics" of "improving" existing performance to the "obstetrics" and "pediatrics" required by the seed, startup, adolescent and graduated stages of new venture development.

We believe that this "obgyn/pediatrics" approach to performance consulting for new business development can be a useful framework for bringing to the world newer, nimbler and more innovative organizations in a faster, more effective way, while significantly reducing risk and increasing their survival and success rate.

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END NOTES

[1] ITSON: Sonora Institute of Technology: one of Mexico's top technological institutes. More information at http://www.itson.mx

[2] International PhD and MBA program on social and organizational performance. More information at www.piionline.org

[3] Incubation: an environment or program designed to develop new companies (National Business Incubation Association, Athens, Ohio).

[4] ***Field of Dreams*** (1989) is a movie about a farmer who becomes convinced by a mysterious voice that he is supposed to construct a baseball diamond in his corn field. The film's underlying theme concerns the fulfillment of dreams and overcoming regrets for things done, or not done, in life. Ray is working in his corn field near dusk. He hears a voice whisper, "If you build it, he will come." No one else can hear it. The next time he hears the voice, he has a brief vision of a baseball field in the middle of his corn field, and Shoeless Joe Jackson standing in the field. In the dreamy film, after he spends his savings and builds the baseball field in his farm, the farmer's baseball heroes come to play one night, saving him from bankruptcy.

[5] Catch-22 is a term coined by Joseph Heller in his novel ***Catch-22***, describing a paradox in a law, regulation or practice in which one is a victim regardless of the choice he makes. In probability theory, it refers a situation similar to ***Heads I win, tails you lose***. A familiar example of this circumstance occurs in the context of job searching. In moving from school to a career, one may encounter a Catch-22 where one cannot get a job without work experience, but one cannot gain experience without a job.". Wikipedia, URL: http://en.wikipedia.org/wiki/Catch-22_(logic)

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