

Prior Research Related to Company Life Cycles and its Application to the Study of CycloPraxis

By Doug Johnson / www.cyclopraxis.com / Version 7.4 / June 1, 2006

INTRODUCTION

A well-understood concept is the principle of life cycles to the markets for goods and services. Such lifecycles are most simplistically named introduction, growth, maturity, and decline. Business schools teach how daily activity must be adjusted according to market life cycle. The popular business press uses a similar recipe and focuses their teachings on selected industries and trendy practices. [Moore, [4]]

Markets include a number of sellers – each a firm or a business unit within an even larger firm. So it is not too difficult to appreciate that individual firms [or business units in larger firms] must evolve their recipe as the market life cycle evolves. As the firm or business unit goes through this evolution the daily activity evolves, behaviors change, crises ensue, tensions arise, and people come and go. The lifecycle of the single business firm has been the subject of much academic research over the past few decades.

Successful single business firms are given to expanding into adjacent markets accomplished through the establishment of additional business units. This diversification has also been the subject of academic research over the past few decades. And while not explicitly documented in the research, one can easily imagine that each expansionary new business unit goes through its own miniature set of life cycle stages. Of course in parallel, the adjacent markets are going through their own market life cycles.

Thus, the large firm with many business units is a complex organization participating in a variety of different life cycle stages! By tradition employees are considered the resource of the business unit and once having learned the trade are expected to contribute across each life cycle stage. There are always a few high profile transitions [such as the founders outliving their usefulness] that have been carefully researched. However, the study of cyclopraxis suggests that there are many more situations where employees are not working productively when they stay with the business following its life cycle from stage to stage.

CycloPraxis is an important element of the fit between workers and their jobs. “Praxis” is one’s “customary practice or conduct” meaning the way we naturally do things. Adding “cyclo” aligns a worker’s praxis to the stage in a business unit’s overall evolution: introduction, growth, maturity, and decline. The traditional match between worker and job is function: operations, manufacturing, marketing, finance, sales, development, etc. Business schools organize their classes this way, help wanted ads are organized this way, and career ladders are designed this way. Certainly it is important to match job function to individual preferences. But regardless of which function is chosen, managers observe some workers who excel early in the life cycle, while others do better at later stages. The most productive workers at each stage possess certain work habits and personality traits that combine together to form their praxis or natural style. Observe how different the praxis traits are:

- Authors are visionary, overconfident, risk taker, unstructured, big picture, revolutionary, difficult to understand;
- Builders are organized, drivers, multi-tasking, problem solvers, pragmatic, impatient, energetic, little empathy;
- Capitalizers are process followers, optimizers, consistent, participative, balanced, measured, resist change; and,
- Extenders are helpful, trustworthy, sociable, satisfying, structured, and resourceful.

CycloPraxis is discussed in greater detail in subsequent sections. CycloPraxis was first introduced in the paper “Cyclopraxis in the Business World”, Doug Johnson, 2005, available at www.cyclopraxis.com. If you are unfamiliar with the concepts of cyclopraxis, please read the introductory paper or the Introduction to CycloPraxis insert.

This paper – and its companions -- will suggest that the challenges for new businesses are as much oriented to selecting employees with appropriate praxis [behavior traits] as with the more traditional hypothesis of financial hurdle rates, strategic planning principles, organizational theory, and innovativeness/competitiveness.

PRIOR RESEARCH REVIEW: STAGES IN A FIRMS EVOLUTION

Thorough out the past few decades, scores of scholarly articles have been written about stages of business growth. The author has reviewed nearly a dozen of the most frequently referenced articles. No attempt is claimed at thorough review or summarization of this growing body of information. Those wishing such a review or summary might contact Frank La Pira, University of Ballarat who at one time posted a summary on the www.mainstreet.au.com/clients/chacc website. Frontiers of Entrepreneurship Research [Hanks, Chandler, 1995] contains another fine bibliography as does the Academy of Management Journal [Karzanjian, 1988]. Another fine resource from Entrepreneurship Theory and Practice [Hanks, Watson, Jansen, Chandler, 1993] identifies and contrasts ten 'original' life-cycle models in a series of tables. There are 3 stage, 4 stage, 5 stage, 7 stage, and 10 lifecycle stage versions. The life-cycle discussion of this paper follows most closely the model introduced by Greiner [1972], which fortunately seems to have garnered a broad supportive following. This paper will only discuss 4 of Greiner's 5 stages. This paper applies different names to each of the stages in order that a personification of the stage is easily comprehended.

The basic premise of all the life-cycle literature suggests that organizations evolve in a consistent and predictable manner. These scholars have argued that as firms move through various stages of growth, differing problems must be addressed resulting in the need for different management skills, priorities, and structural configurations [Hanks, etal, 1993]. This writer finds it interesting that despite the considerable asset that employees represent [especially in a IP rich company] no mention was found of the need for differing employee-operating-styles or employee-work-habits [now called cyclopraxis] in the different life cycle stages. The closest any reference gets is a mention of an hypothesis that an employee or manager who struggles in one particular life-cycle stage isn't necessarily an incapable or mediocre worker. We now postulate their cyclopraxis is not applicable in the current life cycle stage.

Much of the research has pointed to correlations between organization size and life cycle stage [Walsh & Dewar]. CycloPraxis builds on this concept.

Current research is moving from the hypothetical to the collection of empirical data from large sets of modern day firms [Hanks & Chandler, 1995] [Shane & Stuart, 2001]. While this research is interesting for its own purpose the population under study are small emerging single franchise firms that are only of tangential relevance to the establishment of new business within the large firm – a key focus of this paper.

Much of the scholarly work [Scott & Bruce 1987] [Kazanjian 1988] [Lester, Parnell, 1998, 2002] is anchored by the pioneering thinking of Larry Greiner's original [1972] works. So popular is Greiner that he is published again in 1998 in the Harvard Business Review. Greiner's key focus is on the emergence of new problems caused by changing organization and sales revenue. Transitions from one stage to the next do not occur smoothly. The recurring premise is that they are the result of some crisis.

In his last life cycle stage [the one not mapped to this cyclopraxis work] Greiner examines corporate departmental behaviors in the large diversified firm from a centralized perspective of the corporate headquarters. His conclusions are consistent with the practical observations of this writer. However since the focus of this paper is on behaviors in individual business units, we are interested in understanding this final stage from the vantage point of the new emerging business and then looking in a decentralized upward direction, rather than a

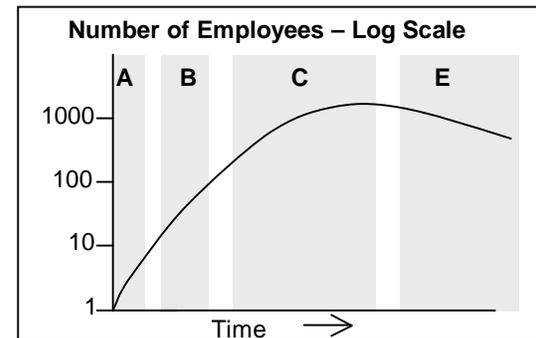
centralized downward direction. Appreciating the difference in perspective is very important in understanding cyclopraxis.

In summary, the literature is rich with hypothesis to stimulate one's thinking. The work is predominantly oriented around single franchise companies. No discussion was located about the tensions and dynamics of new businesses starting within an existing culture grounded in a much more mature life cycle stage. The life cycle stage models are considered from a variety of vantage points including changes in ownership and senior management, decision-making styles, investment and financial dimensions, and treatment by the marketplace. The challenges or crisis that prompt the move from one stage to another are well thought through. No discussion was located about the changes in employee operating style necessary to work in different life-cycle stages due to differing decision-making styles, risks profile, necessary creativity, customer empathy, etc.

TENSIONS AT LIFECYCLE BOUNDARIES

Greiner [14] and many who followed him discuss tension or crisis in the business unit at times of transition between stages. In these models, the hypothesized causes of the tensions are work methods that have become ineffective given the firm's new size and new challenges. CycloPraxis provides another vantage point from which to model these tensions. The minority population's cyclopraxis style – which was absolutely necessary to get to the present point -- is no longer the optimum cyclopraxis for the business's current size and lifecycle stage. The newer population – necessary to get through the next stage – brings a new more effective cyclopraxis and greater numbers of workers. These tensions are heightened by the incumbent group's seniority and challenge in letting go.

A typical business unit in a large firm starts with one – or at most a few – authors. Shortly after initial proof of concept and demonstrated customer interest, the business unit must start growing and the need arises for people to productize, to launch manufacturing capacity, to write first datasheets, and to sell to additional customers -- to name but a few builder stage activities. In numbers these builders might swell the ranks of the new business unit from a half dozen to 50 or even 100 [this is for a business unit that might ultimately achieve at least \$100M/year in sales]. The first thing one should notice is that the ranks of builders now outnumber authors by almost ten to one. Sooner or later the builder's task is finished and the business unit is best served by the capitalizer's excellence in generating and fulfilling customer demand. If the business reaches its target of \$100M/year in revenues, it may be employing well over 500 workers [at \$200,000 yr/person]. One should again notice that the number of capitalizers are now outnumbering the builders by ten to one and outnumbering the authors by one hundred to one. To visually show represent this phenomenon we need to utilize a logarithmic scale on the vertical axis as graphed to the right.



As authors give way to builders by 10:1 and builders give way to capitalizers by 10:1 the outnumbered populations are simultaneously pushed and pulled to leave the business unit! This creates a significant problem for large firms because unless they somehow work to retain the authors and builders somewhere inside the company, otherwise these key individuals will leave the firm and join other – probably medium and small – organizations. The obvious consequence is that the large firm finds it difficult to develop new business units necessary to maintain its growth. For more information see “Applying Worker CycloPraxis to the Paradox of Why Large Firms Fail to Innovate” available at www.cyclopraxis.com.

As the number of builders 3X, 5X and ultimately 10X the number of authors a tension builds in the business unit. While the original idea for the business came from the authors, the builders pragmatic implementations suggest certain modifications. The author's natural reaction is to reaffirm the original idea and to likely rescind

permission to make changes. But the builders now outnumber the authors and can wear them down with issue after issue. The builders are also realizing successes in developing marketing materials, defining sales territories, establishing finance and controlling departments, and a host of other activities that the author-praxis has little interest for. Slowly but surely the business centroid is moving to the builder. Coffee breaks that used to be filled with exciting napkin-innovation have become the de rigueur place for ad-hoc debates over processes. Each day this new business unit is looking less attractive to the authors; simultaneously the authors are longing to return to their cyclopraxis thrill of another creative idea – often easily done with an assignment to a central research lab. At the same time the builders – now dominant in numbers -- are establishing their strong cyclopraxis of pragmatics, drive, deadlines, meetings, communications, etc. When the minority sized author group doesn't adopt the builder cyclopraxis, the builders stop including them in decision making and in the building activity. Only by the seniority of the authors' position power are they not quickly pushed out by the very builders they hired. The ultimate outcome is obvious yet often protracted.

The tensions between builder and capitalizer styles are different, but the result is the same. First, once the building is completed the evolving business unit no longer needs 50 or 100 builders. Many of the builders are offered capitalizing-stage jobs [e.g. a development engineer is offered a position in manufacturing engineering or customer consulting, or a marketing value proposition visionary is offered a position in the sales support department]. Few builders find these jobs rewarding on their cyclopraxis hierarchy and so over time they exit the business unit and often the company. Capitalizers replace them. Sometimes the very builders who developed the business unit ask for and are rewarded with promotions into management positions. But the new employees who are now being recruited for the maturing business unit have a capitalizer-praxis and quickly find themselves at odds with the builder-praxis. The capitalizers don't have the same drive, the same sense of urgency, or the same creativity as their builder predecessors. Yet these builders-turned-managers subconsciously expect these qualities in the capitalizer stage employees and become frustrated with the absence. Simultaneously, the capitalizers trundle off to complain to Human Resources that their builder managers are expecting too much, are too harsh, are not involving them in team building, and are not appropriately emphasizing employee development. Remember now that the capitalizing behavior will soon outnumber the builder behavior employee 10:1. Whom will HR listen to? Whom must the CEO listen to if the business is to make its numbers? And so, one by one the builders turned managers leave the business unit. Capitalizer managers replace them.

When the business unit decides it is time to diversify, a whole new set of tensions will arise. Once again these tensions are between capitalizers who choose to invest more energy in the existing paradigm and diversifier-captains and diversifier-builders who see the need to branch out. These tensions are well documented by Christensen [1] and [24].

In the final decline or extend stage the business unit must realize employee attrition faster than the revenue loss or reinvestment cash is not forthcoming. The usual problem is that few capitalizers are not motivated to leave on their own ambition and downsizing results. Furthermore, the business unit usually needs an even larger reduction in the number of capitalizers in order to open sufficient positions for people with a extender-praxis. [As we've seen previously, the decline stage needs a cyclopraxis that prides itself on doing more with less (cost savings), loves being the "expert" for as long as possible, and has wonderful judgment/flexibility to provide the ultimate in individual customer satisfaction (retention). These are not cyclopraxis characteristics of the capitalizer. The charismatic people oriented capitalizer managers are replaced by personalities with enough autocratic drive to force rebalancing upon the business unit. There are obvious tensions at this transition.

THE INVENTORS DILEMNA AND INVENTORS SOLUTION POPULAR BUSINESS PRESS

This section contrasts the cyclopraxis approach with the values/process approach written by Clayton M. Christensen and Michael E. Raynor in chapter 7 of their book “The Innovator’s Solution” [27].

Excerpts from The Innovator’s Solution – page 178:

“We have examined innumerable failed efforts to create new-growth businesses and would estimate that in as many as half of these cases, those close to the situation judge that, in retrospect, the wrong people had been chosen to lead the venture.”

Excerpts from The Innovator’s Solution – page 179.

“Managers who have successfully worked their way up the latter of a stable business unit – for example, a division that manufacturers standard high-volume electric motors for the appliance industry -- are likely to have acquired the skills that were necessary to succeed in that context. The “graduates” of this school would have finely honed operational skills in managing quality programs, process improvement teams, and cost-control efforts. Even the most senior manufacturing executives from such a school would likely be weak, however, in starting up a *new* plant, because one encounters very different problems in starting up a new plant than in running a well-tuned one.”

Excerpts from The Innovator’s Solution – page 183-4 -- PROCESSES:

“Organizations create value as employees transform inputs of resources – the work of people, equipment, technology, product designs, brands, information, energy, and cash – into products and services of greater worth. The patterns of interaction, coordination, communication and decision making through which they accomplish these transformations are *processes*. Processes include the ways that products are developed and made and the methods by which procurement, market research, budgeting, employee development and compensation, and resource allocation are accomplished. ...”

“... Innovating managers often try to start new-growth businesses using processes that were designed to make the mainstream business run effectively. They succumb to this temptation because the new game begins before the old game ends. Disruptive innovations typically take root at the low end of markets or in new planes of competition at a time when the core business still is performing at its peak -- when it would be crazy to revolutionize everything. It seems simpler to have one-size-fits-all processes for doing things, but *very* often the cause of a new venture’s failure is that the wrong processes were used to build it.”

Excerpts from The Innovator’s Solution – page 185-6 -- VALUES:

“Employees at every level make prioritizing decisions. At the executive tiers, these decisions often take the form of whether or not to invest in new products, services, and processes. Among salespeople, they consist of on-the-spot, day-to-day decisions about which customers they will call on, which products to push with those customers, and which products not to emphasize. When an engineer makes a design choice or a production scheduler puts one order ahead of another, it is a prioritization decision.”

“The larger and more complex a company becomes, the more important it is for senior managers to train employees at every level, acting autonomously, to make prioritization decisions that are consistent with the strategic direction and the business model of the company. That is why successful senior executives spend so much time articulating clear, consistent values that are broadly understood the organization. Over time, a company’s values must evolve to conform to its cost structure or its income statement, because if the company is to survive, employees *must* prioritize those things that help the company to make money in the way that it is structured to make money. ...”

“... Over time, the values of successful firms tend to evolve in a predictable fashion in at least two dimensions. The first relates to acceptable gross margins. As companies upgrade their products and services to capture more attractive customers in premium tiers of their markets, they add overhead cost. As a result, gross margins that at one point were quite attractive will seem unattractive at a later point. Company’s values change as they migrate up-market.”

“The second dimension along which values can change relates to how big a business has to be in order to be interesting....”

Christensen’s points about processes and values are interesting and the chapter contains numerous short case studies that reinforce the points. In the body of work surrounding cyclopraxis these same process and value drivers are squarely behind the recommendation to start new businesses outside the mainstream organization and further to insure that startup’s separate organization includes separate sales and manufacturing organizations. Rules and processes must be judged on their own merit and applicability for the new industry – especially those that exist for the mainstream business.

Christensen further points out that a career successful manager in an established business may be ill equipped to start a new business. In the language of cyclopraxis, that manager has demonstrated success with capitalizing praxis, but may have little or no experience with the author or builder praxis. Once again, while the language is different there is agreement on principles between Christensen and cyclopraxis.

Where Christensen seemingly fails to offer insights is that individuals have a predominant praxis and are suboptimum choices to work in settings other than their praxis. A capitalizer-praxis manager or contributor looks to inherit values and processes from somewhere. They are reticent to invent them. So a capitalizer-praxis captain transferred to the Pandesic startup [case study from The Innovators Solution] is naturally going to bring their values and processes from their prior capitalizing position rather than innovate to what is appropriate in the current setting. As we point out with numerous examples the same is true of a capitalizer-praxis manager transferred to run a startup organization within the company. Capitalizers prefer to optimize and maintain existing values and processes – essential traits in ongoing businesses.

Christensen [in The Innovators Solution and earlier in The Innovators Dilemma] gives some passing attention to the unique style of the innovator. One can quickly see the similarity between the innovator personality and the author praxis. But Christensen makes no mention of the builder-praxis either by that name or another. This is a key oversight for the builder is the one who:

- focuses the innovators on single business models
- delights in establishing new processes and values more than using traditional existing ones
- together with the innovator champions the business with senior management often providing the selling arguments that enable the business startup to continue receiving sponsorship in spite of process and value differences.
- Pragmatically settles for-just-good-enough so that the multitude of things can be accomplished in the available time.

This last point warrants a bit of further discussion. Christensen argues that two good disruptive attacks are “from-the-bottom-up” and “from-non-consumption”. The builder-praxis’ pragmatic settling for-just-good-enough is an extension of attacking from-the-bottom-up. In the products/markets space, bottom up is the low end where the specifications are not as strict, the requirement for support not as demanding, etc. – in other words being just-good-enough gets the business. To compete in a just good enough market also takes just-good-enough processes and values for which the builder-praxis is ideally suited.

CAUSE AND EFFECT DISCUSSION

At this point the reader is justified in wondering whether market life cycles, business life cycles, or employee cyclopraxis that plays the root role in business evolution. From what is currently understood, the appropriate answer is situational.

In there is a dominant firm in an emerging business, then that firm has a large degree of control over the timing of when authoring, building, and capitalizing phases give way to the next lifecycle stage. Consider Amazon.com the dominant player in Internet based retailing. Because they have such a strong leadership position [and are able to continue that position through acquisitions], amazon.com has been able to maintain an author-praxis friendly and builder-praxis friendly environment for 5+ years. Unless there is an external event, dominant firms will preserve their success in the current life cycle phase. For instance if Amazon’s investors one day decided they were tired of subsidizing every shipment in exchange for hopes of future growth [an external event], amazon.com would quickly transition to the capitalizer lifecycle stage and consequently undergo numerous internal crises, tensions, and employee turnover. Consider also Microsoft’s Windows and Office businesses that have remained highly profitable in a prolonged capitalizing stage due to their dominance over nearest competitors. If Microsoft were suddenly faced with a competitive threat, forced to lower prices,

and as a consequence reduced new feature development, they would find themselves in the decline stage. This change would also result in numerous internal crises, tensions, and employee turnover.

If an emerging business unit is hosted within a large firm, cyclopraxis will have the greatest influence on success of the new unit. Unless the new business wins a quick dominant position, competitive alternatives will exist. It then becomes a matter of execution in development, marketing, operations, and sales. Since the builder-praxis will execute better and faster than the re-assigned capitalizer-praxis, a startup can easily triumph over the diversifying large firm. Ferguson [Computer Wars, 1993] discusses many such triumphs in the computer segment of high tech. Christensen [The Innovators Dilemma, 1997] makes similar conclusions from different underlying research. Large firms usually continue to reinvest in the existing paradigm leaving the new paradigm for new entrants. Today, the shortsightedness of the losing strategy is well known by senior management. So why are the leaders of large firms continuing to make the same mistake. It is likely instead that capitalizers deep in the organization who by the very nature of their praxis could never support the challenger's position are making the mistake. If the large firm could assemble a team of builders and give them organizational autonomy – as IBM did with the PC – a leading position can result.

If the business is in a highly competitive industry then the market life cycle stage rules. If the market place is the decline stage, firms will have to play by the decline stage rules. Consider long distance wired telephone service. Customer retention [and related capture of a competitor's customer] is more important than building the latest technology base or capitalizing by running cost saving programs inside the operation. If the market is building around a certain paradigm, then authoring new ideas only slows adoption because the customer is confused. Standards are delayed – recall Beta vs. VHS videotape. This is the argument that Microsoft protagonists frequently use to reinforce the company's value to society. Firms can do well in each stage assuming they match the praxis of their workforce to the lifecycle stage of the market. When the market enters a new life cycle [perhaps driven by customers, another technology, or a dominant player], all participating firms will have to adjust. One adjustment will be changing the primary cyclopraxis of the workforce. Those firms who adjust quickly will gain in share during the next phase. And the tensions they experience will be brief. Those firms who resist adjustment will lose share and experience major tension.

And in most of the above cases the evolution of life cycle stages is an externally driven event. In each of the above examples the tensions and crises are the result of cyclopraxis changes as the firm tries to regain competitiveness as it moves from old stage to new stage. The magnitude of the tension and crisis is dependent upon whether the business is early or late in adjusting.

SUMMARY

Four natural working styles – called cyclopraxis – are identified that map to lifecycle stages in the evolution of a business unit. The concept of lifecycle stages of a business is not new and has been extensively researched over the past 30 years. Models exist for life cycles with 3, 4, 5, 7, and 10 stages. No prior work was found that suggests an individual worker's style [cyclopraxis] might align better with one or more stages. Models all predict tension in moving through lifecycle stages. This tension can be explained by the differing styles and viewpoints of the various cyclopraxis.

CycloPraxis is conveniently explained by using just four life cycle stages. The four stages are named to enable personification. Each of four stages -- Authoring, Building, Capitalizing, and Decline -- has a unique mix of challenges and activities that tend to attract differently wired employees with differing cyclopraxis.

- The author praxis works best in start-up phase;
- The builder praxis works best during the growth of a business;
- The capitalizer praxis works best during a business's mature years; and
- The extender praxis is essential for prolonging a lucrative ending period.

The most productive workers at each stage possess certain work habits and personality traits that when combined together form their praxis or natural style. Observe how different the personalities are:

- Authors: visionary, overconfident, risk taker, unstructured, revolutionary, difficult to understand
Authors: never ending creative ideas, will be creative even if inappropriate
- Builders: organized, drivers, multi-tasking, problem solvers, pragmatic, impatient, energetic
Builders: driven above all else to achieve goals, need constant challenges
- Capitalizers: process followers, optimizers, consistent, participative, balanced, measured
Capitalizers: happy with predictability, stressed and ineffective if proposing or following change
- Extenders: helpful, trustworthy, sociable, satisfying, structured
Extenders: energized by resourceful solutions to traditional customer problems.

CycloPraxis principles apply regardless of whether the job function is marketing, sales, development, manufacturing, operations, or finance. Indeed cyclopraxis may often be a more important point of job match optimization than function. CycloPraxis is especially relevant to high technology businesses in the decades around 2000 where business life cycles are considerably shorter than people's careers. CycloPraxis may not have been measurable a century ago when business life cycles lasted multiple decades.

Other papers on cyclopraxis available at www.cyclopraxis.com include:

CycloPraxis in the Business World

Round Pegs in Round Holes ... Matching Worker's CycloPraxis to the Job

Applying Worker CycloPraxis to the Paradox of Why Large Firms Fail to Innovate

Author, Builder, Capitalizer, and Extender CycloPraxis Work Preferences

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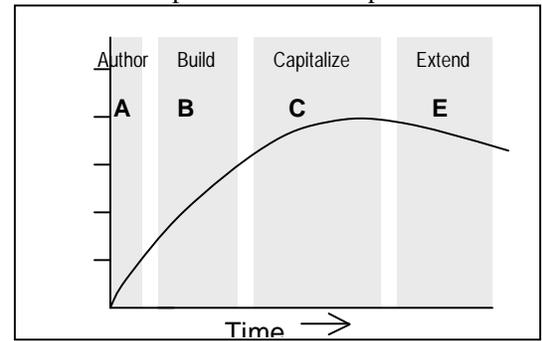
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CYCLOPRAXIS OVERVIEW

Adapted from the paper “CycloPraxis in the Business World”, Doug Johnson, 2005, www.cyclopraxis.htm

The classic match between worker and job is function: operations, manufacturing, marketing, finance, sales, development, legal, nursing, teaching, plumbing, retailing,. Business schools organize their classes this way, help wanted ads are organized this way, and career ladders are designed this way. There is another and equally important dimension to the fit between workers and their jobs: CycloPraxis. “Praxis” is one’s “customary practice or conduct”, meaning the way we naturally do things. Adding “cyclo” aligns a worker’s praxis to the stage in a business unit’s overall evolution: start-up, growth, maturity, and decline.

The first lifecycle stage is Authoring [A – for short]. This is where an innovative idea is championed and developed and where the business is initiated. The second stage is Building [B]. This is when innovations become products, early customers partnerships form, markets explode, operations begin, finance and quality and human resource functions begin, first processes are initiated. Next comes the need to maximize output in a stage called Capitalizing [C]. In this stage the business unit reaches its full potential, generates the most substantial profits or best resource utilization, repeatedly wins customers and delivers maximum value. Since all contributions someday diminish in value, the smart business will begin Diversifying [D] by leveraging the rewards of capitalizing business units. In effect, diversification is simply starting the authoring and building all over again in what will eventually become another business unit. Finally, every business unit reaches its peak and begins a long and slow Extending [E] stage. Marketplace rewards erode as demand falls and remaining competition intensifies due to standardization, saturation, and better performing alternatives. The business unit focus shifts from customer acquisition to customer retention. Knowledge experts and appreciative customer service are key volume drivers for sustained business.



Each of these four lifecycle stages of a business unit inherently attracts employees with different cyclopraxis. What entrepreneur would apply to work in a declining business unit where opportunity identification is sharply curtailed, where cash is siphoned off to other ventures, and where the principle activity is strong individual customer intimacy? Conversely, what customer-loyalty oriented employee would tackle a new venture without any customers? In between, one finds project managers who are not normally the initiators; they do better with an idea or initiative that is already past the napkin stage. On the other hand, project managers quickly tire of the repetitive work of the middle market. And the most efficient at repetitive production would look at early growth challenges and exclaim “how do I get started, where are the processes?”

There is nothing new about the concept of the lifecycle of a business and the organizations that participate in birth, growth, profits, and decline. The new concept around CycloPraxis is the connection around a worker’s natural semi-conscious work style preferences and the business lifecycle. Observations of hundreds of workers in wide ranging disciplines suggest 4 meaningful praxes. The first praxis is made up of a small percentage of people that always having fresh new ideas. A smaller percentage of those idea people go on to champion those ideas year after year until they are proven correct. Further observation identifies a second group of people who seek challenging new assignments around unsolved problems and who see them through to completion with unwavering focus to task. This second praxis thrives upon getting-it-done, whatever ‘it’ is. Upon completion of ‘it’, they simply look for another assignment. The second group rarely has the original idea and if called upon to propose the new idea might struggle to muster the appropriate spontaneous creativity. A third praxis – and by far the majority -- thrives when there is predictability and a defined structure in which they contribute to the profitability or effective resource utilization of the business unit. They enjoy situations where their output is measured and often tied to pay. Key players are often making incremental improvements in processes, products, efficiencies, yield, and costs. A fourth praxis enjoys work environments where they can apply their expert knowledge, solve the problems of customers, or engage in training. This last praxis creates lasting value with their contribution.

The preceding lifecycle discussion is optimized around the manufacturing corporation. Nevertheless, the same lifecycle concepts can be found in many other business types. Consider a professional practice. The Authoring phase is trivially short; Building – practice startup -- must still occur. Then the professional settles into a long career of capitalizing. The extend phase may be short [sale of practice] or long [services offered part time for little or no fee while in active retirement]. Or consider a Main Street USA business that is a franchise of some established chain. Generally the business owner goes the franchise route because they have anxieties about the building phase and the franchise package permits capitalization to happen sooner.

AUTHORS: The authors’ – entrepreneurs, architects, and visionaries -- greatest strength is the ability to conceive and champion an idea. Authors are risk takers, relatively unstructured, revolutionary, bold, and hold a stubborn persistence to their own ideas. Authors are most fruitful when they and their idea have little organizational grounding. Many feel more comfortable working outside the processes of the large firm; consequently they initiate many startups with VC help. Those

authors who do remain in large firms are the idea originators of most new business units. Others see, authors as overconfident and unrealistic about the business appeal of their ideas. Authors are most happy being creative and are constantly offering hypotheses and ideas to everyone around them. Authors are most unhappy when they are not permitted to express their creativity or when others fail to rally to their ideas.

But the same personality traits that are strengths in the author-praxis work against success later in the evolution of the business unit. Authors generally disdain details, financial controls, and aggressive marketing. They often are poor at leading, communicating, and delegating. Authors are frequently disruptive to teams due to narcissist driven competition for best idea. As a result the classic challenge facing many business units – startup or large firm -- is the succession plan of the original author-entrepreneur.

BUILDERS like authors are strong initiators. They play an absolutely fundamental role in the growth of new business units. In product development, they are responsible for commercializing the author's idea. Builders institute the quality control, the first operations, the delivery, the support, the financial controls, the value proposition, the sales recipe, and the first marketing collaterals. Builders are highly organized, energetic, excellent problem solvers, very pragmatic, prolific communicators, and able to simultaneously work on a phenomenal number of tasks. Builders fearlessly run lots of experiments looking for the right recipe and learn rapidly from their mistakes. They work long hours and hold accomplishing the goal above all else [even above employee relations]. The builder-praxis is driven by achievement of goal, and once achieved they need something else to build or they become unhappy.

Unlike the author, a builder needs to be better grounded either with someone else's idea or affiliated with an organization. Builders are strong drivers and push organizations hard, and so once again the same personality traits that make a builder-praxis successful in the expansion stage also limits its effectiveness later in the evolution. Builders are seen by others as impatient, insensitive to people, and overly type "A". They are poor leaders of the large number of effective capitalizers because the builder drives the capitalizer with endless urgent improvements rather than focusing on people management, team motivation, and predictability. The builder's narrow pragmatism – a strength during the building stage – not only inhibits their effectiveness at authoring new ideas but also limits their sensitivity to the motivation needs of the large sales, marketing, and manufacturing populations to follow.

CAPITALIZERS -- due to their attention to detail, excellence in following established processes, and their penchant for steady improvement -- are key to a business's profitable existence. Capitalizers appreciate a structured work environment and delight in repeatedly executing the plan with constant gradual improvement. The setting and meeting of work quotas energizes the capitalizer-praxis. Capitalizers have a stronger people and profit/resource orientation than either the author or the builder. Taken together, these traits increase the business unit's efficient use of resources. During the capitalizing stage, firms gain pay back on the initial investments of authoring and building the new business unit. Business revenues and operational efficiencies reach their peak. And happily, the motivated capitalizer will enjoy growing personal their financial reward.

Working together with capitalizers in this middle stage are *Captains* who fill the role of people management, strategic leadership, and continual improvement of the process and structured work environment. Captains have strong regard for hierarchy and may go by the titles of foreman, supervisor, manager, and vice president. The captain's primary responsibility is continual stewardship of the successful work output from the business unit's capitalizer population. There are lots of straightforward management and leadership tasks [planning, organizing, delegating, controlling] and tools [quality circles, continuing education, ...] associated with the captain's role. Efficiency improvement, quality improvement, automation, and cost controls are all examples of standard measures. Success is dependent upon the captain's motivational skills, management and leadership savvy, and achieving targeted profits. Success is rewarded with visible perks [corner office, company car] and formal promotions. The captain is happy when things are trending up and to the right.

The author and the builder sees the capitalizer and captain as resisting change, unimaginative, unable to identify and solve problems, and too comfortable with 'average'. On the other hand, the capitalizer/captain sees the builder as disruptive, brash, and threatening to the predictable productive environment. Authors in the eyes of the capitalizer/captain are just frivolous idea guys who will likely never amount to anything. Perceptions aside, capitalizers and captains are less effective at authoring or building because neither stage is predictable, because there are no processes, and because of less developed imagination and problem solving skill. Capitalizers are reluctant to deal with the unknown. On an individual's level, capitalizers who draw building or authoring assignments frequently under-perform against management expectations. At the business unit level, the Capitalizer's traditionalism traits can scuttle important diversification. The capitalizer doesn't want their comfortable status quo to change and they frequently resist adjusting to changing market conditions. Unfortunately when the landscape makes a shift and capitalizers don't adapt, decline begins.

DIVERSIFIERS: Diversification is simply the re-application of authoring and building.

EXTENDERS: To maximize profits and resource utilization as the lifecycle extends the business unit should employ workers with appropriate praxes – one we call extenders. During this last lifecycle stage, retaining existing customers is the key strategic principle. Customer retention is accomplished through a combination of expert assistance, sympathetic

customer care, ongoing education of the product/service’s values, and of course just enough value at the right price. The extender praxis is comprised of educators, empathizers, and experts who are all energized by top customer satisfaction. When presented with a customer satisfaction challenge, the extender will show tenacity and creative problem solving skills in pursuit of a solution. The resulting course of action will frequently achieve a great deal with very little invested; often the personal 1:1 attention has significant impact. Extenders are also personally rewarded from both the ‘thank you’ they get from the customer and from the knowledge that their efforts are allowing the firm to build a new business somewhere else. Extenders are helpful, trustworthy, sociable, structured and enjoy the variety that comes with each customer’s unique problem. The expert-extender is passionate about reusing the knowledge they already have about products, markets, and customers. The empathizer-extender lives for the satisfaction of making a positive difference in the day of someone else. Most extenders prioritize providing their special brand of care over maximizing company profits and personal income.

An author, builder, or capitalizer working in the extend stage will not perform well. Customers of mature products look for assistance and understanding, not an author’s new ideas. Builders fare poorly often appearing unhelpful due to impatience and insensitivity to the needs of others. Capitalizers struggle with the unpredictability of the extender workload and an inability to fully recover revenues for all the time invested. Captains are uninspired because the trends will inevitably continue downward. Extenders are seen by other praxes as lacking key traits that they – from their author, builder, or capitalizer vantage point – deem important. And the extender’s interest in closure, continuity, and completeness over deadlines and quotas is the source of frustration for the other praxes. For instance, the capitalizer is especially frustrated by the extender’s apparent disinterest in efficient delivery. Where the capitalizer organizes work according to a predictable schedule, the extender extends each engagement thinking that more assistance is better.

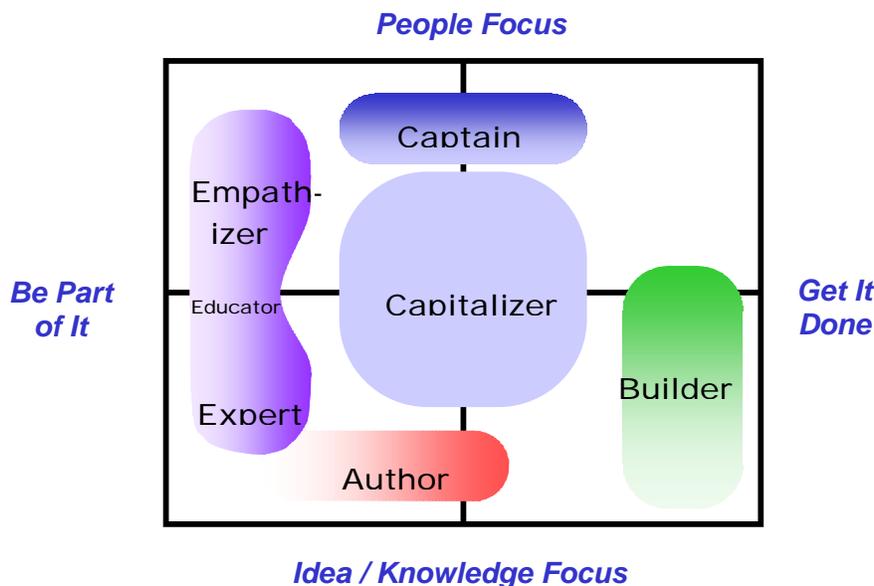
PRINCIPLES: 4 simple principles of cyclopraxis assist in applying the concepts to business situations.

- #1: Workers are happiest and most productive when their praxis matches the business unit life cycle. Each stage – A, B, C, and E -- is best staffed by employees whose cyclopraxis [natural way of working] aligns with the nature of the work required in that stage.
- #2: A mismatch is as challenging to a worker’s productivity as a function [Development vs Sales vs Human Resources vs Finance vs Etc.] mismatch.
- #3: The praxes do not get along very well with one another and this leads to employee turnover. The reason for discord between the praxes is that they each have their unique means of dealing with any specific business problem. These unique approaches are grounded in their strengths
- #4: The culture and operating style of any business is set by the CycloPraxis of the employees

SUMMARY: The preceding sections use a large number of adjectives to describe authors, builders, capitalizers/captains, and extenders. By doing so, everyone is sure to connect in some way with the overall paradigm of cyclopraxis. The downside is “descriptor overload”. Absent is a simple model for visual learners. Therefore the accompanying diagram is offered as a visual aide for the subset of the general population for which the chosen adjectives are meaningful.

One dimension is the subject of our work attention: ‘People \leftrightarrow Idea/Knowledge’. The other dimension is sense of urgency which has surfaced as a key business driver in this modern age. ‘Get-it-Done \leftrightarrow Keep-it-Going’. Other continuums were explored including ‘risk’, ‘attractiveness of pay’, ‘customer service’, and ‘predictability’. None yield as clean a visual aide as those chosen.

PRAXIS People / Task



Authors concentrate on ideas and tend to avoid translating those ideas to performing businesses. As a result, they predominantly fall in the ‘Keep it Going’ range. Builders have a strong ‘get it done’ focus and generally subordinate the interests of people in pursuit of task accomplishment. Captains have a strong ‘people’ focus and generally defer task completion until their capitalizers can be lead into accepting. Extenders have a strong drive to ‘Keep it Going’ and may apply this drive around people [empathizers] or knowledge [experts]. Capitalizers are the best rounded of the praxes; and without the need to satisfy any of the previously discussed extreme behaviors the Capitalizer is best suited for mainstream contribution