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## FIRM MANAGEMENT

# Building a Company is Like Raising Kids

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**Rene Lacerte** • Oct. 31, 2013

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As I manage the company, I find it helpful to think about the unique phases to each: infant, baby, toddler, adolescent, teenager and adult. Each of them have their challenges and their rewards and it is critical that you understand what phase you are in as you manage the company.

Most important is that the founder accepts that as time goes by, his or her ability to influence change in the culture of the company decreases. Here's how I think about company building:

**Infant.** This is a special bonding time for the founder and his or her idea. This is when you don't know what you are doing but you are happy doing it. You stay up late working on problems that demand your undivided attention. You seem to need to feed the business and the idea constantly. And unfortunately, there are some false starts and messes to clean up.

Often times we are surprised how the really special feeling of love for our idea grows more and more each day. The world is full of possibilities and we aren't worried about all the challenges to come. Quite the opposite, we are emboldened by our creation.

**Baby.** Once the idea is something more than an amorphous blob, we are amazed at how it interacts with us. We tell everyone when it smiles back at us and we of course think our "baby" is the best baby ever. At this point, we think we have things under control.

We still aren't thinking about the future challenges and we shouldn't. It is too important for the founder to bond with the company and the creation at hand. That bonding is what will help us get through many of the challenges ahead.

**Toddler.** Ah, now is when the management fun begins. Your creation is capable of getting into trouble on its own. Crossing the proverbial street whether you want to or not. I am a firm believer that unless you take the time to define the culture and make sure your employees understand the culture you want at this stage, you will end up working at a company with a culture you don't want.

Before starting each of my companies, I defined the values for the company. By the time we got to the toddler stage, it was my job to make sure the values were in place and that employees knew how important the values were to how we defined ourselves as an organization. Establishing the culture at this stage is especially important. Psychologists will often say that a child's core personality is developed by the age of 5 if not sooner and the same is true for a company.

**Adolescent.** The days are full of all sorts of surprises that your employees manage on their own. The independence is growing as is the confidence. The challenge here for most founders is how to let go and give more autonomy to the employees. Your role is critical in the overall direction but the company is starting to stretch its legs and you won't know how fast you can run unless you get out of the way.

**Teenager.** The company is typically going through rapid growth at this point. Lots of hormones to manage as the company decides what it wants to be when it grows up. This is when the growth is pulling in multiple directions and the leadership during this phase is as important as the leadership was yesterday. This is the stage that parents often use the phrase “tough love.”

It is not always easy being a parent but doing what’s right is the most important thing. That said, the values you set in the beginning and the confidence you have in them will give you comfort as you let employees in your company make decisions on their own.

**Adult.** The company is now independent and while the management is critical, there are multiple people that can fit the bill. The company is comfortable in its skin/culture and is able to take on challenges with or without you. As with kids, it is hard to let go but it is part of life. And there is no greater accomplishment than building a contributing member of society, be it a successful business or a child.

So as you think about your own accounting practice or the companies that you help every day, think about the stage they are in and the kind of love and attention they need.

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