

# Study outlines steps to success for growing startups

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Dr. Joseph Picken. Credit: University of Texas at Dallas

Many entrepreneurs dream of leading a successful company. But launching a startup is only the first step.

By using more than three decades of experience as an entrepreneur and turnaround executive, Dr. Joseph Picken of the Naveen Jindal School of Management lays out a road map for the founding entrepreneur who seeks to retain the CEO position as a company gains market traction and begins a period of rapid growth.

Picken, a clinical professor of Organizations, Strategy and International Management and the founder of the Institute for Innovation and Entrepreneurship at UT Dallas, teaches entrepreneurship and leadership. The study was published in the January-February issue of *Business Horizons*.

The [startup](#) phase is extensively covered in the literature, Picken said. While a startup is best served by a loosely structured, flexible and informal organization, rapid growth and scaling requires structure, process and discipline. These tools and techniques of running an established business are commonly taught in business schools.

Picken wanted to focus his research on the gap between startup and scaling—a period of transition. The study details the challenges faced by founders and the essential actions required for success.

"Research has identified the most common reasons for failure or CEO replacement, but nobody has told the entrepreneur what to do to succeed," he said.

During transition, the founder and team must impose essential structures and discipline, and lay the foundation for a scalable business. The failure to do so will result either in the failure of the venture or the replacement of the founder by a more experienced CEO, Picken said.

Picken calls the challenges "the eight hurdles of transition"—essential steps in the evolution from a nascent startup to an organization capable of sustained and profitable growth:

- Setting a direction and maintaining focus.
- Positioning products/services in an expanded market.
- Maintaining customer/market responsiveness.
- Building an organization and management team.
- Developing effective processes and infrastructures.
- Building financial capability.
- Developing an appropriate culture.
- Managing risks and vulnerabilities.

"At some point, the startup has to grow up, and the entrepreneur has to grow up in parallel and learn all the skills to be a CEO," Picken said. "If you're in a large, established organization, you may be groomed for 10, 15 or 20 years before you assume the broader responsibilities of CEO. An entrepreneur has only a couple of years to do that. These are the things that cause companies to stumble and fail."

As startups enter this transition period, founders must evaluate the business's needs, assess their personal capabilities and limitations, expand their skill set, and adopt the management practices and leadership behaviors essential to retaining the top job.

Picken said most of the examples and stories in the study come from his personal experience as a CEO or senior manager in entrepreneurial firms, or as a consultant helping CEOs as they struggled through the process of transition.

"It's not a recipe that you can follow, but you've got to grow in all these areas simultaneously, and it's hard," Picken said. "A lot of people have neither the perspective nor the ability to do all of that in a short period of

time. It's a tough challenge for a young, inexperienced [entrepreneur](#) who has not been there and done that. You have to recognize you don't know it all and get a lot of help from mentors and advisors."

**More information:** Joseph C. Picken. From founder to CEO: An entrepreneur's roadmap, *Business Horizons* (2017). [DOI: 10.1016/j.bushor.2016.09.004](#)

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