

Growth Your Focus? Learn the secrets of the “Small Giants”.

By Kenneth C. DeWitt CPA CFP®

I admit it – I am one of them. I like growth – big, fat, double-digit (or more) annual increases in revenues. For many years, I’ve been driven in developing our business – and those of our clients’ – in an ever-expanding revenue cycle, believing that if we’re **not** growing, and growing rapidly, then somehow we must be failing.

Our own firm has grown tremendously over the last five years, and made several national growth lists. Just as importantly, I’ve been on the advisory team of numerous client companies that have gone regional or national in scale. Of that I’m very proud.

Just when I think I’ve got rapid growth mastered, then along comes a new trend. In the national press, and in at least one prominent business book, the concept of sustainable growth, and the optimum size of a business, is becoming clearer. I’ve enjoyed reading and talking with people who have begun to analyze how someone determines what “optimum size” really means.

One of those people is Bo Burlingham, editor-at-large for Inc. Magazine. He’s recently published a book “**Small Giants – Companies that Choose to Be Great Instead of Big**”. I had the pleasure of recording a podcast interview with Burlingham and Shannon Vincent, head of California’s ReNew Group, a leading web-based client intelligence company. You can download this podcast for free – there is a link at the end of this article.

For all the companies that made it to the big time, Burlingham says, there are many that are happy to be only so large. But until now, it’s not likely you’ve heard of many of them.

Now, these are not tiny companies – they can have from a dozen or so to hundreds or even a few thousand employees. Most are hugely profitable. Some have had offers of tens of millions of dollars to buy them out. Each company in his book had choices – but chose instead to achieve, and stay at – an optimum size for them.

Simply put, these owners and leaders chose to be great, instead of big. Why? And what makes for a great medium-sized private company? How did they get to be one? The answers to these questions are difficult to pin down, so Burlingham went about profiling a dozen companies that he defined as Small Giants. His book is an illustration of the common characteristics among this group, which I’ve summarized below.

1. **The founders & leaders recognize the full range of choices they have** about the type of company they could create, rejecting what many thought were the “standard options”, such as to franchise, take on venture capital, expand to other cities, acquire, merge, or go public. They imagined other possibilities, and resisted forces that would have them comply with popular beliefs about company growth and size. They did not grow, just to say they’d grown. They understand that they had a

choice about how many customers to take on, what markets to stay in and to stay out of – and that not everyone will understand or agree with these choices.

2. **Leaders overcome pressure to take the “normal” growth path.** They keep control – or gain it back – recognizing that moving beyond a certain level with other people’s money would involve trade-offs that would rob them of something precious. They often rejected offers of so called “money partners”. Rather than grow for growth’s sake, they work to build the type of community they want to live in, but inside their own companies.
3. **They develop extraordinary and intimate relationships with the local city or town where they’re located.** In many cases, the city is saved economically by the growth of the Small Giant, and the company and the town come to depend deeply on each other. This often goes much beyond “giving back” or “civic rent”. In reality, each helps the other to grow and flourish, and their identities begin to intertwine, such that the company could not imagine leaving the city, and the townspeople take a pride in the residency of the company as one of its finest citizens.
4. **They cultivate exceptional business relationships with customers, with employees, and with suppliers.** By working together in a type of committed partnership, they create a sense of community and common purpose among the entire supply chain. While extremely difficult to do, they achieve a combination of friendship and business – with real and genuine mutual concern for each others’ success.
5. **They create unusually intimate workplaces, functional little societies.** They address a broad range of employee needs as human beings, and in return, earn loyalty and superior performance. Herb Kelleher of Southwest Airlines calls this “employees who feel cared for in the totality of their lives” – a treatment with respect, dignity, fairness, kindness and generosity. They have a better life for having been part of this company.
6. **They consider a variety of corporate structures,** develop innovative management systems and practices, educational programs for employees that ultimately teach “the company way”. They even teach about service and leadership, and some, but not all, model “servant leadership” principles. They might reject the “command and control” structure in favor of more innovative forms of corporate organization.
7. **The leaders keep a passion for their business** – a love for the product they sell or the service they provide. They do not think like professional managers; rather, they create and maintain deep emotional attachments to their business, and especially to the people – the employees, the customers, and the suppliers.

Still confused about how this happens? Most people are. Burlingham admitted that he's not aware of any special school or university where someone goes to become a Small Giant. And most will admit that they strove for years making mistakes, eventually getting more and more things right each year.

Small Giants have been around for a long time. But until now, they have not been celebrated and studied. Perhaps now because of this, how to become one will become clearer, allowing more of us to make this choice if we wish it.

RESOURCES:

PODCAST: Succession Planning, Culture and Growth for the Middle Market (59 minutes)
Download or listen to Podcast featuring Bo Burlingham, Ken DeWitt & Shannon Vincent discussing "Small Giants" – www.renewgroup.com

Small Giants: Companies that Choose to be Great Instead of Big by Bo Burlingham. How maverick companies have passed up the growth treadmill -- and focused on greatness instead. www.smallgiantsbook.com

"Conscious Growth - Why South Mountain Co. pursues deliberate rather than maximum growth" essay by John Abrams, online excerpt published in "Business Ethics Online – The Magazine for Corporate Responsibility" Summer 2004. Excerpt from his book "*The Company We Keep*".
www.business-ethics.com/current_issue/summer_2004_Conscious_Growth.html

About the author: Kenneth C. DeWitt is a CPA and CFP® with Tidwell DeWitt LLC, with offices throughout the Southeast, including Atlanta and Birmingham. Through his accounting and consulting firm, he and his team serve as tax and accounting advisors and supporters of executive and financial officers for a number of companies in the transportation, distribution, construction, service, professional and manufacturing industries across the USA and Canada.

Ken writes a regular column on company finances for *Commercial Carrier Journal*, published by Randall Trucking Media, and frequently in other business publications. Your comments, questions and business inquiries are welcomed to Ken at 205-469-1026 or to kdewitt@tidwelldewitt.com Learn more about his company at www.tidwelldewitt.com