Is your company actually a startup? V2

What is the purpose of this article?
Help shareholders, the board of directors, and C-Suite have a fact-based discussion regarding the status of your company.

The audience for this article includes: All companies, ranging from pre-revenue through to long established global companies.

This article does not provide tax, legal or financial advice.
You must do your own research and fact-based analysis using current and relevant information.

AI did not write this article. 100% human written.

What are the critical learnings in this article?
1) Most companies need to become a startup again but don't realize it. As a result, the wrong type of talent is in place, taking the wrong actions.
2) Most companies don't last long. Most companies have poor value creation. Most transformations and major business changes have poor results.
3) Companies need to get into startup mode to validate and invalidate their assumptions regarding: customer needs and problems, and the number of customers willing and able to pay for a solution.
4) Board directors and C-Suite cannot learn startup mode knowledge, skills and decision-making processes because their brains have hard-wired biological responses and cognitive biases.

Where is your company it its life cycle?
#1 a startup
A startup is a temporary organization designed to search out a repeatable, scalable, and profitable business model with lots of potential customers who are willing and able to pay to solve their problems and needs. Startups are not building a solution. They are building a tool to learn what solution to build.

#2 most startups fail or end up as small companies.

#3 A scaling, growing profitable business enabling customers to achieve a competitively differentiated value proposition. Market share is growing, the overall market size may be growing, customers are strongly recommending the company, employees want to join and stay, etc.

#4 A slowly growing mature company. Market share is flat; the overall market size is flat.

#5 A company in decline. Market size may be shrinking. Market share is shrinking. Poor financial returns. Transformation efforts producing little results. Etc.

Now what happens?[1]
Most companies need to become a startup again but don't realize it. The company does not have a repeatable, scalable, and profitable business model with lots of potential customers who are willing and able to pay to solve their problems and needs.
1) Most companies don't last long. The half life of US public companies is less than 11 years.
2) Most companies have poor value creation. 80% of corporations generate negative or little economic profit. Over 50% of public company generate negative returns over their entire life.
3) Most transformations and major business changes have poor results. Only 12% of major business changes produce lasting results.

Why do companies need to become startups again?
Companies need to get into startup mode to validate and invalidate their assumptions regarding: customer needs and problems, and the number of customers willing and able to pay for a solution. This process must involve face-to-face interviews with customers by the CEO and other members of the C-Suite.
1) Customer needs and problems change.
2) The number of customers with historical problems and needs changes. Look at what happened to Blackberry: Blackberry was the cell phone leader in 2007. The iPhone was announced in 2007. In 2008, the iPhone unit sales already exceeded Blackberry unit sales.
3) Customers perceive they get more value from a competitor.

Why are mature companies unable to get into startup mode?
The board of directors and C-Suite don't realize they need to get into startup mode.

1) They try to do a transformation or major change – which usually fails.
2) I looked at recommended transformation approaches from the worlds leading consulting firms and business schools.
3) Only two of them (both business schools) recommended starting with understanding customers and their problems and needs. All the other have some variety of start with a vision or aspiration of where to end up. Building a solution which achieves the vision but does not address the problems and needs of cash paying customers results in failure.
4) None of the organizations I looked at recommended assessing and changing the board directors or C-Suite executives which led the company to failure.

Why can't your board directors and C-Suite transform themselves?

1) Board directors and C-Suite cannot learn startup mode knowledge, skills and decision-making processes because their brains have hard-wired biological responses and cognitive biases.
2) One example is that the stress caused by financial turmoil triggers a threat response in the brain. The brain then relies on behaviors, knowledge and processes which have been successful in the past. This response leads to business failure when today's reality is different from the past.
3) Another example is that their brains will strongly resist information which contradicts what they have deeply learned in the past.

What are the greatest challenges your board directors and C-Suite face?

1) Having the self awareness to recognize that they themselves must transform.
2) Having both the passion and ability to unlearn the past and learn new knowledge, skills, behaviours and actions.
3) Having the courage to recognize that they might not be the right person the lead the company forward.

What are your next steps?

1) Define the words/concepts you're using, in a glossary. I've seen major confusion when the same words mean different things to different people.
2) Determine what stage your company is in by fact-based analysis of business performance and marketplace metrics. Exclude the impact of tax and financial engineering. Assess the results of M&A by comparing the two separate companies with the final merged company. I have often seen announcements in the financial press regarded the success of an M&A transaction while the post transaction market share, revenue, and profits were less than the two separate pre-transaction companies.
3) Determine the talent requirements for a board of directors and C-Suite in startup mode. Start with the components outlined in the article "What are the core components of talent?"2
4) Assess the cognitive biases of board directors and C-Suite and the resulting constraints on being able to move into startup mode. Determine what needs to change.

Footnotes
[1] Your company will fail. Koor and Associates
https://koorandassociates.org/avoiding-business-failure/your-company-will-fail-v1/
[2] What are the core components of talent? Koor and Associates
https://koorandassociates.org/creating-business-value/core-components-of-talent/

What further reading should you do?
Is your company planning to fail? Koor and Associates
http://koorandassociates.org/avoiding-business-failure/is-your-company-planning-to-fail/
What is learning? Koor and Associates
https://koorandassociates.org/creating-business-value/why-have-your-minimized-your-talent/