

How the Decision-Making Process Impacts Every Stage of Your Company

Everybody knows that entrepreneurs are decision-makers. We hear a lot about the few who make wise decisions, but not as much is written about the failures. And whether we like it or not, that's where most would-be entrepreneurs wind up. After talking to thousands of winners and losers, I'm convinced that it's the *process* of decision-making that determines who will make it through the pearly gates.

For an entrepreneur, decision-making is extremely complex, because the *process* must change as we go from startup to running a large organization—as we go through the three entrepreneurial transitions: the genius, the benevolent dictator and the dissociated director.

The Genius Phase

During the genius or start-up phase the decision-making process is very simple. There is no process. Questions come in, instant answers come out. The budding entrepreneur is the source of all knowledge. And that's as it should be because if the genius does the unthinkable and asks for advice, he'll only be told he's crazy to start in the first place. Unfortunately, this is the phase that any single bad decision—even a small one—will destroy the company.

The Benevolent Dictator

During the next stage, the benevolent dictator, the decision-making process begins to change. Typically, entrepreneurs prefer no intervention or advice because they have made it this far and feel as though his or her decisions have been infallible.

However, some new players have joined the game—people like bankers, suppliers and customers. All of these people will want to work their opinions into the decision-making process. As the business grows, the intervention will increase. During this phase one mistake can be disastrous, but unlike the genius stage, it would take a pretty big catastrophe to destroy what's been created in your business.

Sound advice for entrepreneurs in this stage is to appoint a board of directors with at least one outside entrepreneur who has been exactly where you are. Allow all policy decisions to be made by that board; it's extremely important to listen to a wise and experienced business friend's advice on major issues.

The Disassociated Director

Finally, the Disassociated Director phase or every entrepreneur's nightmare comes. The company has continued to grow and it's become large enough that the entrepreneur has been forced to delegate real authority. This is a time of "letting go." Vice presidents are all over the place and if the company is to survive in this phase, the decision-making process must change radically. The entrepreneur simply doesn't know enough about all

the operations to make unilateral decisions. That's why committees were born and why they have survived.

No single bad decision will spell doom for your company in this stage, but a series of bad decisions will send you down a rocky road. At any rate, the executive staff is an indispensable source of information that must be digested in the decision-making process.