THE 'WAVE' PHENOMENON

Knowing when the wave of growth will crest is as important as riding it to success.

– By Marty Jacknis

Business growth initiatives tend to follow a fairly predictable pattern. Vision expressed in passionate terms to inspire engagement comes first, followed by the formation of a team to execute the dream and make it a reality. The next step is the achievement of early goals: increases in sales and revenue showing that the plan is on the right path. However, for entirely too many managers, the next step is presumed to be the finish line: Growth is evident and apparently ongoing. The plan works and all that remains is its continued implementation, perhaps with an occasional minor tweak. It is precisely at this point where many companies run into trouble.

Human nature being what it is, the tendency is to maintain the status quo exemplified by the time-worn cliché, "if it ain't broke, don't fix it." The company has now placed itself in a reactive mode, content to maintain the process without much evaluation until it has no choice but to modify or, worst-case scenario, radically change what it erroneously viewed as a perfect business model.

What we are seeing is the personification of a phenomenon called the "wave." Managers frequently fail to recognize its existence until it is too late when the wave is about to crest and wash over them. In their willingness to accept the status quo, they have not realized that opportunity lies ahead beyond the wave's crest.

Defining the Wave

In business terms, the wave, like its oceanic counterpart, can be described as a naturally occurring movement that originates with action, activity, desire and focus, but ends with inaction, inconsistent implementation and, at its worst, panic because profits have disappeared.

The wave begins with a stimulus, which inspires and directs management's actions at the wave's baseline, which can be considered its floor. The nature and strength of the stimulus are the forces that inspire action as the wave begins to build and management readies its execution to leverage it. There is clearly an upward momentum and management recognizes its potential. Goals are about to be achieved, perhaps exceeded, and everyone is on board.

Yet what follows is tantamount to lethargy. Counter forces, and there are many (old habits, behaviors, shifting priorities, loss of energy, peer pressure, competition and loss of focus), slow and eventually stop upward momentum. The apogee of the wave where action slows, stagnates and begins its decline is the intervention/lull zone. It is similar to the eye of a hurricane in which a quiet calm is followed by a wind shift in the opposite direction with almost equal force. In the lull zone, management has allowed equilibrium to take over. Movement from the initial stimulus fades and eventually so do desired behaviors.

Much like the hurricane's eye, the winds change in the lull zone with management and employee behavior reverting and descending toward the original performance baseline, perhaps even below it. If that were always the case, the wave model might be considered fatalistic with an inevitable fallback and little that can be done to reverse it. In fact, there is something that can be done, which is why this segment of the wave is also the optimum location for intervention.

When intervention occurs in the lull zone – the primary location to change potentially negative outcomes – the cost and difficulty of maintaining initial gains and achieving new goals are relatively low because management has identified a flaw at the critical point in the process and begun to remedy it. To ignore this opportunity is to invite inertia and subse-

// *Success in business frequently takes the shape of a wave, and knowing when it will crest is of vital importance for any business.*

quent negative behaviors that may well leave the company in a worse state than its initial starting baseline. Sometimes the result is so devastating that motivation or elasticity to rebound is practically impossible and growth either stagnates or enters the realm of negative numbers.

When the Wave Becomes a Wipeout

Much like a surfer who realizes too late that control has been lost, a company reaches the top of the wave, ignores other potential opportunities and, in its euphoria, fails to recognize the impending wipeout because the physics of the wave have changed.

The wave manifests itself at practically all levels of management as illustrated by the following two examples, the first at a micro level. A business introduces a limited incentive program for a specific new product line to get sales representatives to focus on it. The sales people respond accordingly and sales of the product flourish. However when the incentive program for the new product ends, the salespeople although continuing to push the line, revert back to those products that previously brought them their best returns and commissions. By terminating the incentive plan without developing another motivating force, the business stops riding the wave and the force of the phenomenon takes over as it always does.

The experience of Borders provides the second, macro example of the consequences of failing to recognize the ebbs and flows of a changing business wave. Borders was one of the largest megabookstore chains whose business model seemed to be a paradigm of profitability. Then, Borders fell victim to the "double-whammy" of Amazon, the antithesis of bricks and mortar book businesses, and by the on-line giant's creation of the e-book, the now ubiquitous Kindle. Borders was slow to respond to public acceptance of these radical changes and its e-book arrived much too late after Kindle and Barnes & Noble's Nook were positioned. Operational costs ate away at Borders' margin, revenue plummeted and the company declared bankruptcy. When no buyers stepped forward, Borders permanently closed its doors, shuttering hundreds of stores.

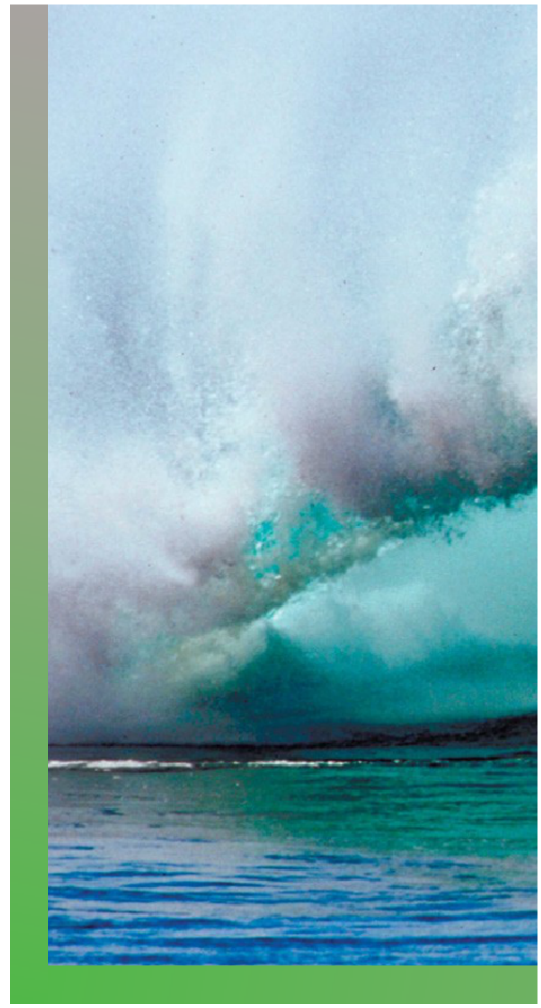
These two examples show the unfortunate results of ignoring the phenomenon and not recognizing the necessity of intervention at its optimum point. The question is how to determine your position in the wave, when it's time to intervene and continue a successful ride.

Achieving Lasting Change

Intervention, like the wave itself, is not a one-time occurrence. It is a process that repeats itself until the desired outcome is achieved. A typical change cycle can take 30 to 90 days, which means that four to 12 interventions may be required to fight the wave effect on an annual basis. This is not a time to give up.

Several steps can bring success to an intervention and keep growth and creativity flourishing. Intervention may even be unnecessary if certain steps are actuated during the process:

1. In the sales arena, a strong, meaningful and motivating initial stimulus such as a sales contest with significant prizes, recognition or promotion generally works. But, it should be reviewed and modified so the idea and the salespeople do not stagnate.
2. Develop tracking and measurement systems that can signal when momentum is slowing and shifting. A number of applicable technology programs can facilitate real-time tracking by creating reports that alert when participants or goals are below or ahead of target. Create reports that establish project completion and compare current and projected outcomes so that managers can determine if a lull zone has been entered.
3. Celebrate small victories along the way. Have subsequent stimuli that will refocus and motivate the individual or group. Indicate to all participants that



// Without recognizing when a business "wave" will crest, businesses may find themselves unprepared to deal with decline.

reward and related stimuli will be an ongoing part of the process.

4. Make sure each new stimulus creates a higher performance baseline to prevent a fallback to the starting point or lower. That is the whole point of maximizing opportunity: to motivate the team to go beyond what was previously acceptable.

Jim Holley, president of New England Wares, a successful retailer, believes the wave theory applies in all aspects of business. Holley said he was able to ride the wave by changing a sales approach that had been viewed as outstanding. Wanting to increase the sales of fudge, which constituted 32 percent of his business, Holley instituted an ongoing incentive program, revised it as necessary and even provided commissions to his retail employees.

"I would say our sales increased from 15 to 20 percent," Holley said. "By not accepting the way things used to be done, we have avoided the wave, stayed at its crest and our employees couldn't be happier."

Companies can prevent their hard-won gains from being inundated and washed away by the unforgiving nature of the wave phenomenon if, like Holley, they recognize its power and their potential to control it. Unlike unpredictable surf, the wave in our context comes with the potential for continuous improvement when one understands how to ride it. •mt

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