



## SMALL COMPANY—BIG IMPACT! POWERFULLY ENGAGING YOUR EMPLOYEES TO CHANGE THE WORLD

BY KALI SAPOSNICK

**H**ow can a small company create the focus and capabilities to have a significant impact in the world? Three years ago, McCarroll Marketing, a 24-person marketing communication company that supports the growth of healthcare businesses, made the commitment to find out. Founded in 1989, the company had \$5.5 million in revenue. Yet in January of 2002, the leadership team concluded that something was missing. Despite the company's successful business model, the group could not muster excitement about their projects as they had in the past.

As founder and CEO Carol McCarthy tells it, "For the first 12 years, we worked very successfully with healthcare clients to grow their businesses. Both agency staff and client retention was high, and we made a record profit. But when the leadership team met to plan the next 12 months, we could think of few projects that had truly excited us the previous year. I thought, this is depressing—especially because, as the leader of the organization, I felt the same way. That was the defining moment when we said, 'We've got to do something differently.'"

Financially, there was little incentive to change. For the previous 10 years, everyone in the company had received significant year-end bonuses. Creatively, however, the leadership team wanted to feel energized, to use their best ideas and engage with the best clients—and to have a greater impact on public health.

Intrigued by this challenge, McCarthy decided to hire Carolyn Hendrickson, founder of Tandem Group Consulting, to help the agency become a learning organization.

McCarthy wanted learning to become a constant part of what people were expected to do in their work every day. Despite her initial apprehension about the costs involved, she believed that, if her staff could habitually share ideas and learnings, they could maximize their creativity, increase profitability, and attract clients more aligned with their work.

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### Key Tensions

When Hendrickson began to interview the agency's staff, she discovered two key tensions typical of small companies: (1) How to apply some big-company approaches without losing the benefits of a small-company culture and (2) How to grow revenues over the next 5 to 10 years without growing the size of the company.

In terms of the culture, Hendrickson was struck by the staff's tremendous commitment to health and creating a better world. Particularly important to people was the company's intimate culture, nurtured by its two well-loved top leaders. Because the small size allowed them to think creatively and behave nimbly, some staff even felt ambiguous about the need for a leadership team.

In terms of work processes, the agency had an incredibly fluid structure. Everybody was involved on every

project. If you worked on seven client campaigns, you were on seven different client teams. This organizational design meant numerous meetings, constant communication, and enormous accountability. Although things often fell through the cracks, people were attached to that way of doing things.

Like many small companies, McCarroll Marketing had become lulled into planning on a year-to-year basis and lacked a clear understanding of the role of leadership in building a company for the longer term. Furthermore, people didn't have a strong sense of ownership. They believed it was Carol's company and, although they could provide input into decisions, she had the prerogative to do whatever she wanted.

### Learning for What?

What Hendrickson realized was that she had to help the leadership team, and the rest of the company, shift their mental models around shared vision, leadership, and work processes. The approach she used was based on a core belief that organizations are complex adaptive systems—living, interconnected, dynamic systems in which change emerges if the right set of conditions exists. At times, an organization needs to be brought to the "edge of chaos" for new order and innovation to emerge. This approach differs greatly from traditional, mechanical ways of managing or driving change. The leader's role is to tap into the collective wisdom of the organization and provide the boundaries within which creativity and change can happen relatively easily and naturally.

According to Hendrickson,

McCarroll Marketing already had a number of these “conditions for emergence” in place: People had a great deal of discretion to decide what action to take and when to take it. They also felt comfortable saying what was on their minds, and only a few topics were “undiscussable.” Work was also delivered through a flexible structure that allowed information and people to flow across organizational boundaries. What was missing was a shared vision for the future and an understanding of how all their work fit together to deliver value to their customers.

**Shared Vision.** To get a sense of the larger whole, Hendrickson asked the leadership team to consider what they were learning *for*. This question helped the group link learning to business results and became the ongoing topic of their strategic planning meetings, as well as several company-wide, full-day offsite sessions. It soon became clear that McCarroll Marketing wanted to “learn for growth”—to establish a thriving learning culture that creates an invigorating place to work, develops extraordinary people, and fuels long-term growth.

This idea was linked to the staff’s vision to achieve a dramatic positive cultural shift in people’s attitudes and behaviors about health. In this vision, the future might look like:

- We help a life-saving technology gain global acceptance.
- Veggies become as popular as McDonald’s.
- For the first time in 50 years, childhood obesity is on the decline.
- We are a national mecca for outstanding talent.

Recognizing that the agency’s strength lay in the services it offered—advertising and communicating effectively—the leadership team came to terms with the fact that, in order to make a difference, they had to find clients, be it hospitals and health systems, medical technology manufacturers, public health initiatives, or healthy foods advocates, who had big ideas similar to theirs.

**Leadership.** The decision to pursue the shared vision raised the bar of expectation for the entire leadership

team. If they were to achieve this ambitious goal, they needed to strengthen their ability to work together. To that end, they spent time exploring what leadership meant and how to model it. Underpinning their current thinking was the CEO’s own philosophy of leadership. As the owner of a service business, she placed high importance on sincerely attending to her employees’ needs every day. For example, when her receptionist lost significant weight on a diet, Carol gave her money to buy a new suit for the staff’s holiday party.

**Senior managers are rediscovering excitement and a deeper sense of purpose.**

That level of attention created an environment in which people felt personally taken care of. Yet it also made it hard for McCarthy to address difficult personnel issues, including the fact that a key leader who had been at the company for 10 years had not been performing effectively for a while. With the new initiative, she finally addressed the issue and moved her valued friend and colleague out of the organization.

Even more important, McCarthy had to address what she wanted her legacy to be. Did she see her company eventually being sold off or enduring for a long time? To pursue the shared vision, she would have to empower the organization with a sense of shared ownership and leadership. It took her a year to make the inner shift from “it’s my company” to “it’s our company.” With tremendous courage, she has begun the slow process of shifting her role from principal leader to mentor-teacher. This means continuing to loosen the reins on some critical decisions and expand the leadership team’s roles in the company.

**Work Process.** The question that remained was: How were they going to achieve the desired impact, increase revenues, and keep the company small? To do so, they had to find different, more effective ways to do their

work and build capacity.

First, they had to address “undiscussable” organizational culture issues. For example, people believed it was industry standard to work late and felt guilty if they didn’t. They were also uncomfortable with the company’s open-door policy, in which they were expected to be responsive to others, even if they were very busy. The group addressed these challenges by simply airing them and by creating fun signs for people’s doors to indicate their level of busyness.

In terms of building capacity, Hendrickson put together a team to analyze the company’s workflow process from beginning to end, a task that had never been done before. They discovered that marketing took up 70 percent of the process, crunching the creative team’s time on the back end. They also found that 45 percent of the problems happened during that back end. So the team redesigned the flow to give more time to the creative conceptualization of the work.

The redesign had significant implications. A longer creative process meant it took longer to close the job, which affected finances. It also meant reeducating clients, who were accustomed to getting ideas in two weeks but now had to wait four. The group is still refining the process by exploring the question, How do we get back to a course of profitability and moving jobs along while still allowing enough time in the work process for the best ideas to emerge?

### **Rough Spots**

An awkward transition followed the dramatic shift in work processes. For McCarthy, the biggest challenge lay in where to delegate decision-making. As she empowered her staff to do more creative work, take more risks, and push the clients’ boundaries, she struggled with the concept of shared leadership.

For example, one of the leadership team’s goals was to have the “ideal client roster” in five years. “Ideal” meant companies that were involved in the best technologies or public health initiatives and that

approached their work with an entrepreneurial spirit. The creative staff wanted to work on campaigns that would allow the most creative risks—a significant modification of the company's business growth formula. Almost 80 percent of the existing clients did not meet the ideal profile, and McCarthy made the gutsy decision to stop working with a few old clients and pass up some offers to work with new ones.

The company's revenue and bottom line temporarily took a hit, a deeply unsettling situation for the CEO. But when no one got bonuses last year, and Carol asked her staff, "What do you think of the ideal client now?" they all seemed okay. They expressed strong conviction that McCarroll Marketing can take its expertise and work with the best clients to achieve its vision. Their response has made McCarthy confident that letting go of some difficult clients freed up an opportunity to focus on getting the ones that share their vision of making a positive impact on health.

Another way McCarthy struggled was in empowering the creative team with more freedom and flexibility. In one instance, she found an idea her creative staff was going to pitch to a client to be inappropriate and said as

much. At that moment, she asked herself whether she was really going to follow through with her commitment to shared leadership. Reluctantly, she allowed the staff member to present the concept. When the client visibly cringed during the presentation, McCarthy thought, "This is where the learning begins. If I impose my ideas, not only will my own credibility be diminished, but, more importantly, so will my staff's learning." So she put the responsibility for the result on that employee's shoulders.

### High Points

What's different and better at the company today? Their bold vision has inspired and attracted like-minded clients. The life science division of a major telecommunications company has engaged McCarroll Marketing to help them introduce a genetic chip that promises to accelerate drug discovery. The agency is also helping a company that produces a device that facilitates the treatment of brain tumors. And they're looking at fitness and how to help people commit to exercising.

The agency is also aligned with strategic partners, locally and nationally, who will expand their pipeline of "ideal" clients. For instance, the staff decided to engage with the Brady

Campaign to Prevent Gun Violence—Million Mom March partnership on a pro bono basis in support of legislation to prevent weapons from being sold on the streets. Although the bill did not pass, working on the project excited the staff and appealed to prospective clients who have since hired the agency.

Another difference is the tremendous sense of pride in the firm. Senior managers are rediscovering excitement and a deeper sense of purpose, and everyone feels they're doing important work. The company is currently repositioning itself with a new name and identity (soon to be announced) that reflects their bold vision. Additionally, the agency has begun recruiting exceptional talent who want to be part of a progressive organization. And the staff feels they have laid the foundation to take their company from \$5M to \$10M in four years—with a client roster that shares their values. McCarthy believes that the organization is now in the perfect position to achieve the desired levels of profit and growth while making a difference in the world. ■

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