



Special Report: Stage 4

Special Report on the 7 Stages of Growth

Congratulations—you’ve reached Stage 4. In Stage 1, you found a business model that worked. In Stage 2, you scaled up your operations. In Stage 3, you shifted from a CEO-centric structure to a more enterprise-oriented one. Now in Stage 4, your focus turns to building a professionally run organization, led by an executive team and supported by clear systems, roles, and goals.

This report draws from the 7 Stages of Growth model, built through research with 650+ growing small businesses. It confirms what most leaders eventually feel: as you grow, complexity increases. This stage is all about installing professionalism across the organization—without losing momentum.

This guide will help you:

- **Understand what’s changing as you scale**
- **Support and empower your executive team**
- **Improve systems and structure without losing speed**

What You Might Be Experiencing

AREA	DESCRIPTION
Employees	You have 35–57 employees.
CEO/Founder	You're more focused on people management than product. Burnout may be creeping in.
Team	You likely have 2–3 executives and 6–8 managers. Some long-term employees may no longer fit the new direction.
Business Model	Proven, but you're exploring new markets.
Climate	You're in a Flood Zone—activity is high, and the pace is overwhelming.
Systems	Routines exist, but many are inefficient or undocumented.
Cash	Growth is pulling at your cash—from A/R and inventory to rising payroll.
Focus	You're trying to manage the whole picture while letting others step up.

Adding more people might seem like the answer. But in many cases, improving your systems is the better long-term play.



Your Primary Goal in Stage 4

Now's the time to transform your business into a professionally run operation. That means:

- **Hiring experienced leaders for every major department**
- **Supporting them as they develop confidence, process, and team performance**
- **Welcoming their input and using it to shape company direction**

You're building an organization that can run without you—while still staying aligned with your vision.

Strategic & Leadership Perspective

As you move into Stage 4, your job is to help your managers gain confidence in their roles and help them learn the value of tracking and measuring results. Your team should recognize the importance of improving workflow in order to capitalize upon efficient systems and processes. Knowing where you've come from is not as important as knowing where you need to go. The best way to engage your team in identifying obstacles is to sign up for a **Stages of Growth X-Ray™**. It's also time to shift the culture toward process improvement, project management, and cross-functional coordination. Employees need to see the bigger picture—and believe they're part of building it.

The X-Ray provides your managers with the ability to put words to issues and identify how to solve those issues. The 7 Stages of Growth business model is built on a few key theorems. One of them is: what you don't get done in any stage of growth doesn't go away. Your ability to successfully navigate forward depends on your ability to address the non-negotiable rules of the previous stage of growth. Understanding what those rules are for you in Stage 4 is literally, non-negotiable.

Key to making this happen:

- **Communicate growth plans often**
- **Encourage open discussion about company health and direction**
- **Reinforce that employee voices matter**

If your managers are unclear, your results will stall. Help them find clarity.



Your Biggest Challenges & How to Handle Them

Here are the top five challenges in Stage 4 and ideas to address each one:

CHALLENGE	ACTIONS
Project Management & Resource Coordination	• Identify core processes by function (e.g., HR, finance, ops) • Train managers to document systems • Implement and enforce use of a project management template
Diagnosing Root Issues	• Define and track key performance indicators (KPIs) • Encourage honest, open dialogue about problems • Seek input from outside advisors for fresh perspective
Employee Turnover	• Understand goals, expectations, and motivators of each employee • Train emotionally intelligent leaders • Act on employee suggestions when possible
Systems Not Keeping Pace	• Prioritize solving problems with better systems—not just adding headcount • Align growth plans across people, process, and profit
Lack of Clarity on Growth Plans	• Provide monthly updates about goals, challenges, and competition • Conduct internal surveys to measure employee understanding and sentiment

These actions move your company from a "strong CEO" model to a "strong team" model. It's the foundation for long-term scalability.



Leadership Tools for Stage 4

As the CEO/Founder, you should be wearing the following leadership hats to lead the team.

COMPONENT	DESCRIPTION
Leadership Modality	Facilitative: "How can I help you get there?"
Roles	Manager (70%), Specialist (20%), Visionary (10%)
Competencies	Adaptability, developing others, collaboration, organizational awareness
Builder/Protector Ratio	3:2—more confidence than caution, but with safeguards in place

During Stage 4, you need to increase your leadership skills and knowledge in order to oversee a team of professional executives. As such, your leadership modality should be Facilitative. Your Specialist role is diminishing (20% of your time) but you must continue to understand how well your product or service is meeting the needs of the ever-changing market and constantly evaluating if the products and services are solving customer problems. Now is not the time to be a Visionary (10% of your time); you need to focus on getting your team ready for Stage 6 and 7.

During Stage 4, you should be hiring professional guns. These are people who have extensive experience and success in a functional area. Stage 3 was a big adjustment, as learned how to effectively delegate. Delegation continues in Stage 4 as you allow experienced managers to step up and take on more and more responsibility and decision-making authority. Continue to provide direction without over stepping their authority, but don't allow them to rely on a "what worked before" attitude.

The Builder/Protector Ratio (BPR) is a measurement of Confidence vs. Caution. It is a critical tool to help assess the business' ability to accept change, respond with confidence to change and successfully navigate the change. Builders thrive on risk, are always looking for new opportunities and do not cower to the overwhelming issues that confront them everyday. On the other hand, Protectors thrive on caution. They prefer to apply the brakes (and should be encouraged to do so when appropriate).

In Stage 4, because you have hired experienced managers and are delegating more and more decision-making to them, the Protector mindset should be slightly less than the Builder mindset.

For Stage 4, the Builder/Protector Ratio is 3:2 – **3 Builders to 2 Protectors**. As you work hard to allow new managers to step up and manage their operations, it's important to let go and let these experienced employees utilize their knowledge. But, even experienced managers must learn how the company works, how problems are dealt with, how issues are resolved and how decisions are made. Thus, you need to maintain a certain amount of caution when monitoring progress. Management systems need to be in place to catch mistakes before they cause major problems.

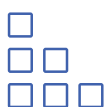
Your managers' goals should be to build their own departments to a level where it is operating effectively as its own entity, with a strong team, confident in what they provide the company and how they deliver upon their promises. Of course, these goals and objectives need to line up with the company's goals, but the focus right now is building strong, stand-alone departments with capable management.



Five Non-Negotiables for Stage 4

There are five non-negotiable rules for each stage of growth. The effective completion/implementation of these five rules increases the likelihood for continuing survival and financial success.

AREA	RULE
Management	Hire or develop professional managers who lead with accountability.
Departments	Empower managers to build high-performing departments.
Systems (1)	Invest 5–10% of gross revenue in systems upgrades.
Systems (2)	Establish strategy, operations, control, and people processes.
Project Management	Build and use a standardized project management system.



Foundational Building Blocks

Each growth stage has foundational building blocks that must be created and set in place in order to successfully navigate that growth stage and to be prepared for the next stage.

FUNCTION	BUILDING BLOCK
Management Systems	Use performance and project management tools to set goals, track progress, and reward success.
Financial	Build forecasts, dashboards, and department-specific budgets.
Team/Staff	Build clear job expectations and a hiring system that fits skill gaps.
Marketing/Sales	Upgrade your sales process, CRM, and customer insight tools.

At this stage, processes are your best friend. Your company is too big for one person to control everything. Reliable processes will catch errors, increase accountability, and allow leaders to lead.

Preparing for Stage 5

Stage 5 (Integration) begins when you hit 58 employees. The transition includes another Wind Tunnel—letting go of more outdated methods and embracing new structures.

Success at Stage 5 depends on your ability to move from **department focus** to **company-wide integration**—a shift that brings everyone together around shared goals.

About 7 Stages of Growth

7 Stages of Growth is a framework designed to give business leaders clarity, direction, and confidence. Backed by research from over 650 companies, it reveals what matters most at each stage of growth—so you can see what's coming, tackle what's urgent, and build a team ready for what's next.

Whether you're just getting started or facing new complexity as you grow, our tools, programs, and support are tailored to the unique challenges of your current stage.

Our **7 Stages of Growth X-Ray™** helps leadership teams uncover root issues, align around a clear direction, and create action plans that drive real results.

