

Scaling: Hire a "Manager Trainer" as COO (3 min)

One of the most dangerous transitions a company makes is from less than twenty team members to more than forty. During this time, communication and productivity usually break down. The system of group organization that existed when the company was all sitting in the same room together (no system at all) suddenly no longer works when team members are not all sitting next to each other. Once your company has over 40 team members, you will hire great people, but they won't know what to do, and you will be frustrated by their lack of output.

Luckily, there is an answer. It has a time cost. But once you implement it, it will allow your company to become productive again and will continue to be effective as your company scales from 10s of team members to 100s to 1,000s to 10,000s.

Every successful large technology company uses this system. It has no single name—Google, for example, calls theirs "Objectives and Key Results (OKRs)"—but the systems are essentially the same from company to company. They share the following key functions:

1. Setting vision and goals for the company, each department, and each individual regularly (usually quarterly).
2. Communicating that vision and those goals to every team member.
3. Tracking and reporting progress toward those goals on a regular timetable (usually weekly or bi-weekly).
4. Eliciting feedback from all team members on what is going right and (much more importantly) what is not going right and needs to be changed.

The system streamlines and organizes:

- information flow out, so the CEO can inform team members of the company priorities,
- Information flow in, so team members can provide feedback to the CEO about what is and isn't working.

This information exchange takes place through a deliberate series of goal-oriented meetings, which comprise the system's core.

In my experience, it is effortless to copy this system if you see it in operation. But it isn't easy to implement such a system by reading instructions (including these). When you get to this point in your company's life cycle, I recommend doing one of two things:

1. Hire a COO who was a manager at a large, well-managed company (over 200 employees) to implement and run this system for you. (Ideally, Google, Facebook, or Amazon, as these companies have excellent management training programs.)
2. Hire an x-CEO to come in as a "1 day a week CEO" to implement this system. She should be able to do so in 8-12 weeks. Have her then watch you run the system for two weeks to ensure that you are doing it correctly. Then run it yourself going forward.

One of the measures you have successfully implemented this system is that your original team members continue to perform as excellent managers even as their departments grow massively. If there is no system, then you will be forced to hire ever-more-experienced managers who will layer over your original team members. When that happens, a tremendous amount of institutional knowledge is lost, and ultimately the company can never perform as well.

This dichotomy is apparent when looking at NBA teams. The Golden State Warriors were an underperforming team under Mark Jackson in 2013-14. Once Steve Kerr joined in 2014-15 and brought an effective system, the same roster of players became dominant and won the championship. (Yes, they brought in Kevin Durant, but that was only later.) By contrast, the Cleveland Cavaliers (with LeBron James) and Houston Rockets (with James Harden) had no system and simply relied on individual talent. Even against remarkable talent, the system inevitably wins.

The dichotomy can be seen in companies as well. Many members of Facebook's original leadership team continue to be on the leadership team today. This is because Sheryl brought a management system to the company that elevated all who used it. By contrast, Twitter has not developed a similarly effective system. Instead, they have hired individual superstars. And while the people at Twitter are remarkably talented, the company as a whole does not function nearly as well as Facebook.

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