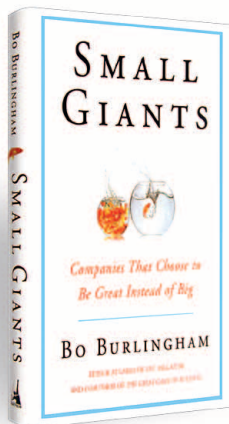


SOUNDVIEW Executive Book Summaries®



By Bo Burlingham

Companies That Choose to Be Great Instead of Big SMALL GIANTS

THE SUMMARY IN BRIEF

It's a widely accepted axiom of business that great companies grow their revenues and profits year after year. Yet quietly, under the radar, some entrepreneurs have rejected the pressure of endless growth to focus on more satisfying business goals. These goals include being great at what they do, creating a great place to work, providing great customer service, making great contributions to their communities and finding great ways to lead their lives.

In this summary, veteran journalist Bo Burlingham takes readers deep inside 14 remarkable privately held companies, in widely varying industries across the United States, that have chosen to march to their own drummer. He searches for the magic ingredients that give these companies their unique "mojo" and the lessons other companies can learn from them. These companies include Anchor Brewing, CitiStorage Inc., Clif Bar & Co., ECCO, Hammerhead Productions, Righteous Babe Records, Union Square Hospitality Group, and Zingerman's Community of Businesses.

Size and growth rate aside, these small giants share some very interesting characteristics. They are all utterly determined to be the best at what they do. Most have been recognized for excellence by independent bodies inside and outside their industries. All have had the opportunity to raise much capital, grow very fast, do mergers and acquisitions, expand geographically and generally follow the well-worn route of other successful companies.

To stay on the road less traveled, these companies have remained privately owned, with the majority of the stock in the hands of one person or a few like-minded individuals. They were founded by and still are run by unique entrepreneurs who recognized the full range of choices they had about the type of company they could create and allowed themselves to question the usual definitions of success.

In addition, this summary will show you:

- ✓ *How a new class of great companies has been quietly and gradually forming under the radar.*
- ✓ *Why some companies have made conscious decisions to scale back their operations.*
- ✓ *Why successful companies have chosen not to focus on revenue growth or geographical expansion.*
- ✓ *What goals are considered by some companies to be more important than getting as big as possible, as fast as possible.*
- ✓ *How wealth can be the byproduct of success in areas other than growth.*

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SMALL GIANTS

by Bo Burlingham

— THE COMPLETE SUMMARY

Introduction

There's a feeling one gets when coming into contact with hot companies just as they are hitting their stride — Apple Computer, Fidelity Investments, People Express Airlines, Ben & Jerry's, Patagonia and even *Inc.* magazine. They had a buzz. There was excitement, anticipation, a feeling of movement, a sense of purpose and direction, of going somewhere. It happens when people find themselves totally in sync with their market, with the world around them, and with each other. Everything just seems to click. Most companies eventually lose that quality, but some companies manage to retain it.

What Is 'Mojo'?

What is "it"? Gary Erickson of Clif Bar came closest to identifying the quality itself. He had begun thinking about it at a critical moment in the company's history, when he was struggling to figure out what kind of company he wanted Clif Bar to be. At a trade show in the fall of 2000, he met a well-known marketer of consumer products who complimented him on the buzz around Clif Bar's booth, pointing to a competitor's booth that was dead by comparison. "They lost their mojo," the guy said.

Whatever mojo was, some smart people evidently thought that it was important, and that Clif Bar had it. In any case, it was something to which Erickson needed to pay attention. From then on, "mojo" became his watchword. In his book *Raising the Bar*, Erickson said he thought Clif Bar's mojo was "something about the brand, product, and way of being in the world that was different. I realized that mojo was an elusive quality and needed to be tended carefully."

The word is just right for the mysterious quality seen in Clif Bar, CitiStorage, Union Square Hospitality and many other companies.

How Companies Create Mojo

What do companies do to create mojo? The answer to this question can be found in the common threads among the companies identified as having mojo. These are:

- 1. Unlike most entrepreneurs, their founders and leaders recognized the full range of choices they had about the type of company they could create.**
- 2. The leaders had overcome the enormous pres-**

ures on successful companies to take paths they had not chosen and did not necessarily want to follow.

- 3. Each company had an extraordinarily intimate relationship with the local city, town or county in which it did business — a relationship that went well beyond the usual concept of "giving back."**

- 4. They cultivated exceptionally intimate relationships with customers and suppliers, based on personal contact, one-on-one interactions and mutual commitment to deliver on promises.**

- 5. The companies also had unusually intimate workplaces that strove to address a broad range of their employees' needs as human beings.**

- 6. These companies came up with a variety of corporate structures and modes of governance.**

- 7. The leaders of these companies brought passion to what the company did. ■**

Free to Choose

Fritz Maytag may be the grandson of the giant appliance company's founder, but he has an unabashed fondness for small, beautiful things, in business as elsewhere. At 65, he could look back on 40 years as the owner and CEO of Anchor Brewing, the premier microbrewery in the United States. In the early 1990s, Maytag was forced to make a choice that all successful entrepreneurs are faced with sooner or later. To his great relief, Maytag had recognized his choice in time and

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Free to Choose

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made the one that was right for him.

In the early 1990s, Maytag had owned and run Anchor Brewing for 27 years. While turning the century-old company around and saving its sole product, Anchor Steam Beer, Maytag launched a revolution in beer making with the first nationally recognized microbrews: high-quality, handcrafted beers and ales, made with the finest ingredients using traditional recipes and brewing techniques.

Reaching Capacity

By 1973, his beers had become so popular that demand had maxed out his brewery's capacity. When the MGM Grand Casino in Reno wanted to put Anchor Steam on tap in every bar in the house, rather than sacrifice the authenticity of his product by hiring other microbrewers to do additional brewing, he chose to reject the order.

After moving to a new building with the capacity to handle the growth his company was experiencing, Maytag faced the possibility of going public. With his top three people, he asked several questions: What would the new investors expect? Why are we in business anyway? What do we enjoy doing? What are our goals in life? They considered the various possible outcomes and realized they all had reservations. They weren't sure they wanted the company to get much bigger. They loved it as it was.

'We Made the Decision Not to Grow'

Maytag recalls, "It occurred to me that you could have a small, prestigious, profitable business, and it would be all right. You can stay as you are and have a business that's profitable and rewarding and a source of great pride. So we made the decision not to grow."

If the business survives, you will sooner or later have a choice about how far and how fast to grow. There is a choice, and the payoff for choosing the less-traveled path can be huge. It can affect every aspect of your business — from your relationships with your fellow colleagues to the control you have over your time and your destiny, to the impact you have on the world around you, to the satisfaction and fulfillment you get out of your personal life.

Unfortunately, many people have to pass through a major crisis to recognize the choice they have. They have a moment of revelation — often right as they're about to make an irrevocable decision — when they suddenly see they have another option. For Fritz Maytag, that moment came as he was getting ready to take Anchor Brewing public. For Gary Erickson, the moment arrived as he was preparing to sell his \$39-million-a-year company, Clif Bar, to a midwestern food conglomerate for \$120 million.

At the last minute before signing the deal, he backed out. After agreeing to pay his partner \$65 million over 5 years, he took over as CEO and, he says, created "a healthy, sustainable company that grows by natural demand and that is profitable."

With the help of the people in his company, Clif Bar survived and prospered. Over the next 5 years, the company more than doubled its sales, from \$39 million in 1999 to \$92 million in 2004, and it did so without taking on any outside investors or even greatly expanding its work force.

If you want to have the choice, you have to fight for it. All successful businesses face enormous pressures to grow, and they come from everywhere — customers, employees, investors, suppliers and competitors. Those forces will make the choice for you if you let them, in which case you will lose the opportunity to chart your own course. ■

Who's in Charge Here?

It is important to take note of the pressures that entrepreneurs have to deal with and that can push any company in a direction its founder never intended to go. You can't build a small giant if you're in an industry where your success depends on how big your company becomes. The pressure to grow fast is irresistible, and sooner or later you'll have to look for outside financing.

Even if you don't go into a scale-based business, you're still likely to face enormous pressure to bring in outside investors, simply because of the economics of growth. You almost always lose a significant portion of your independence when you sell stock to outsiders, even if the business remains privately owned. As a result, it becomes much more difficult to make the kinds of choices that the small giants have made.

Pressures

Even if you manage to keep ownership inside the company, you still have to contend with other forces pushing you in directions you didn't necessarily want to go. In some cases, you may feel pressure from big competitors, or the fear of big competitors. Suppliers, too, will urge you to grow as fast as you can. But the most intense pressure often comes from two sources that both determine and define your success as a business, namely, your employees and your customers.

A great company needs to have great people working for it, but you can't attract or hold on to them unless they have room to grow. That is why many owners wind up putting their companies on a path of aggressive growth, even if they themselves might prefer to reign it in. "I didn't feel I had a choice," says Jim Ansara, the founder and

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For additional information on Fritz Maytag's eye-opening realization, go to: <http://my.summary.com>

Who's in Charge Here?

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chairman of Shawmut Design and Construction in Boston.

The small giants have all had to keep their best people engaged and challenged or run the risk of losing them. In most cases, the answer has been a kind of controlled growth that has preserved the company's culture while creating new opportunities for employees. Growth is a natural byproduct of the company's success in pursuing its central purpose and reason for being, whatever that may be.

Market Pressure to Grow

It's the market pressure to grow that is the most problematic for any company to deal with. For openers, there's the psychological factor. The pressure is there, after all, because people like your product or service and want a chance either to buy more of it themselves or to make it available to large numbers of customers who don't have access to it now. Either way, the pressure is a powerful indicator of your success. It's the fulfillment of the dreams you had when you started the company.

Many people can't say no, especially male entrepreneurs. Even if he knows that his company and his people aren't ready to handle the growth, even if he realizes that the growth may transform the company in ways he can't foresee and may not like, he has trouble turning business away. By the time you realize that the company is too big, you've made many commitments — to customers, employees and suppliers — that are hard to break. At that point, you find out just how deeply you care about being the best at what you do.

Ego

There is one other major source of pressure to grow. It comes partly from the social and cultural environments in which we all live and work, and partly from something in the entrepreneurial psyche. Robert Catlin, founder and CEO of Signature Mortgage Corp. in Canton, Ohio, is one person who has struggled with it. He developed a system that allowed his 16 employees to outperform mortgage companies with three or four times as many people.

The company was wildly successful. Friends, colleagues, customers and utter strangers said they couldn't understand why he didn't do the same thing in other midsize markets around the country. "People tell me all the time, 'You're crazy, pal. You're missing a golden opportunity,'" he explains. "I say, 'Hey, I'm doing just fine. I have control. I have freedom. I have family time and travel time. What more can I ask for?'"

The notion that bigger — and more — is better has so pervaded our culture that most people assume all entrepreneurs want to capitalize on every business opportunity, grow their companies as fast as they can, and build the next Microsoft or Citicorp. That widespread assumption,

in turn, can become another pressure to grow, especially when considerations of status and prestige come into play. "It's really tough — because it can be an ego thing," says Catlin. "I spend a lot of time soul searching. What is most important to me? What's this all about? What do I want to do with my life? The world says, 'Go. Get bigger. Go. Go.' But I don't see why I should."

A Positive Difference

A small giant's mojo comes, in part, from an active appreciation of a business' potential to make a positive difference in the lives of the people with whom it comes into contact. That appreciation makes possible the intimacy the small giants are able to achieve with employees, customers, suppliers and the community — an intimacy that is both one of the great rewards and one of the crucial generators of the mojo they exude. ■

The Mona Lisa Principle

The Asbury Delaware Methodist Church stands on the main road leading into Buffalo, N.Y. It's one of the city's many architectural masterpieces that date back to its glory days in the late 19th century. Today, it is the home of Righteous Babe, the music company founded by singer-songwriter Ani DiFranco. It's also a symbol of hope for the city of Buffalo.

Ani DiFranco grew up in Buffalo playing her guitar and singing her songs in local clubs, and she has remained fiercely loyal to the city even after she became a star. She has hundreds of thousands of fans around the world and has sold millions of her CDs, plus a smaller number by other artists, under the Righteous Babe Records label.

Creating Local Jobs

DiFranco could have located her business anywhere, but she's chosen Buffalo over New York, Los Angeles or other cities with modern recording facilities and many musicians. She and her business partner, Scot Fisher, insist on using local suppliers to make the company's T-shirts and other merchandise, to print its album notes and posters, and to manufacture its cassette tapes and CDs. In the process, DiFranco has played a major role in building at least three local businesses in addition to her own and is directly responsible for creating about 125 jobs in a city with one of the highest unemployment rates in the Northeast.

But it is what she's done with the church that has made the biggest impression on the city's psyche. The building was a ruin by the time Righteous Babe got involved. The church would have been demolished in 1995 had not Fisher, an ardent preservationist, helped

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For additional information on Ani DiFranco's decision to stick with her own company, go to: <http://mj.summary.com>

The Mona Lisa Principle

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raise \$50,000 to make emergency repairs. In 1999, Fisher and DiFranco decided to buy the church, restore it, and use it to house the company's headquarters, as well as a new concert venue, a jazz bar, an art gallery and the offices of the city's leading avant-garde arts organization.

Intimately Connected

All of the small giants are so intimately connected to the place where they're located that it's hard to imagine them being anywhere else. Anchor Steam is a San Francisco institution. CitiStorage is Brooklyn to the core. The same could be said for Clif Bar and Berkeley. And the influence runs both ways. The companies shape their respective communities, and the communities shape them.

Danny Meyer of Union Square Hospitality Group, for one, views the community as a critical factor in deciding where he will open a restaurant, and what type of restaurant it will be. "I don't want to do a new project unless it's special in some way, and that means the context has to be right," he says. "I don't know what's special about the way the Mona Lisa is framed, hung and lit, but I do know that the effect would not be the same if it were framed, hung and lit in a different museum, in a different city, in a different country." That's one reason he and his colleagues at Union Square Hospitality Group turned down developers who wanted them to open a Union Square Café or a Gramercy Tavern in Las Vegas. "Those restaurants are part of their community, and the community is part of what they are. They wouldn't fit in in Las Vegas, given the transience of the people and the nature of the place. It's the wrong context."

Deeply Rooted in the Community

The small giants are all deeply rooted in their communities, and it shows. Each has a distinctive personality that reflects the local environment, often in ways that may seem superficial or quirky on the surface but that actually play an important role in the business' success.

Righteous Babe is a good example. It has the feeling of a small, hometown business, despite its national renown and international customer base. Fisher believes the city has something to do with the company's longevity. "IRS Records wanted to sign Ani, and we went to see them in Los Angeles," he says. "They had this beautiful office. I thought, *Who's paying for this?* I couldn't see anything they had that we really needed. IRS had a phone; we had a phone. IRS had a fax machine; we had a fax machine. They said they could get Ani's music to a larger audience, but we didn't think she needed them to do that. Now IRS is gone, and we're still here. We must have done something right. And I think that staying in Buffalo all this time, working in a

modest office, was a factor. It helped us keep things in perspective."

All the small giants have similarly symbiotic relationships with the communities in which they've grown up, and the vitality of those connections is part of their mojo. The companies' owners and employees have a strong sense of who they are, where they belong, and how they're making a difference to their neighbors, friends and others they touch. All that contributes to buzz around the business, as well as the passion people feel for what they're doing.

Social Responsibility

When it comes to social responsibility, there's a difference between people spending their own time and money on a cause and a corporation spending somebody else's time and money on it. What the small giants do is consistent with that distinction. Not only do they generally avoid taking initiatives that carry the whiff of ulterior motives but they also follow the rule that — to be a meaningful expression of generosity and support — an act of charity has to be individual, personal and largely unheralded (though not necessarily secret). ■

Ties That Bind

Extraordinary customer service has always made good business sense, no matter what you have to do to provide it. From eye-popping service come industry legends, rave reviews in the media and the fabulous word-of-mouth, which is the most effective marketing tool a company can have.

Danny Meyer of the Union Square Hospitality Group calls the service at his restaurants "enlightened hospitality." He doesn't deny the importance of traditional customer service, but he regards it as a set of technical skills. Enlightened hospitality, on the other hand, is an emotional skill involving the ability to make customers feel that you're on their side. Examples include the manager who offers to return by messenger or Federal Express the handbag that the customer left behind, rather than simply holding it for her until she comes to get it. Or the maitre d' who puts a rose on Table 27 for Mr. and Mrs. Knightly, knowing they always sit there on their anniversary because that's where he proposed to her. Beyond that, Meyer can provide staff members with a computer system that will help them remember such details.

Personal Customer Service

"Personal" is the key word. Great customer service involves demonstrating to customers that you value their business and will go the extra mile to keep it. Enlightened hospitality means showing them that you care about them personally. You don't want them just to

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Ties That Bind

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be satisfied; you want them to be happy. It's a step beyond service, and it requires the company to develop an emotional connection with customers through individual, one-on-one, person-to-person contacts.

You don't have to be in the restaurant business to connect with customers in that way. The other small giants don't call it enlightened hospitality, but they do much the same thing. It is a key element of their mojo, and the one most visible to the outside world.

Intimate customer relationships also figure prominently in the mojo of the small giants in manufacturing, but the challenge they face is different from — and, in some ways, more complex than — the one confronting retail businesses and service companies. It requires organizing the entire company around tailoring products to customers' individual needs.

Supplier Relationships

Customers are not the only outsiders with whom the small giants have intimate relationships. There are also the suppliers that make it possible for them to achieve the level of excellence to which they aspire.

Companies that succeed in developing a sense of community with their customers and suppliers through integrity, professionalism and the direct, human connection find themselves in possession of one of the most powerful business tools in the world.

It's generally not the people at the top of the mojo companies who create the intimate bonds. It's the managers and employees who do the work of the business day in and day out. They are the ones who convey the spirit of the company to the outside world. ■

A Culture of Intimacy

ECCO is a company located in Boise, Idaho. It is the leading manufacturer of backup alarms and amber warning lights for commercial vehicles. CEO Ed Zimmer has a lot of contact with his employees. Among other things, he holds a regular monthly lunch with all the people who have a birthday that month, and they talk about themselves, the company and whatever else they want to discuss. There's also a companywide meeting each month to go over the financials, as well as a steady flow of financial information between meetings.

"Things aren't secret here," says 9-year company veteran Michelle Howard. "Everything is shared, which makes me feel safe. ECCO cares about the people who work here, and we care about each other. I can't imagine going anywhere else. I'll stay here as long as they'll have me. I want to help make this company as successful as it can be."

The small giants have cracked the code to creating a motivated work force. Indeed, the relationship between the employees and the company is the entire basis for the mojo they exude. Unless a significant majority of a company's people love the place where they work; unless they feel valued, appreciated, supported and empowered; unless they see a future full of opportunities for them to learn and grow, mojo is simply not in the cards. This is because everything else that makes a company extraordinary — a great brand, terrific products or services, fabulous relationships with customers and suppliers, a vital role in the community — depends on those who do the work of the business, day in and day out.

Creating Intimacy

This is not just about morale. The other factor that promotes a profound sense of belonging, of psychic ownership, is intimacy: a relationship so close employees never doubt that the company, its leaders and the other people with whom they work care about them personally and will stand by them through thick and thin as long as they hold up their end of the bargain.

Obviously, the ability to create such intimacy has something to do with size. There is generally an inverse correlation between the number of people who work for a company and the strength of their emotional ties to it. There is a limit to the number of employees a company can have and still maintain those intimate, personal connections. The limit varies from company to company.

On one end of the spectrum is Anchor Brewing, whose owner and CEO, Fritz Maytag, has consciously strived to keep the number of his employees as low as possible. For most of the past 20 years, the head count has hovered around 50 full-time people. He has never been tempted to hire more. In an interview with *Harvard Business Review*, he said his idea was "to have a small group of people, where everyone knows they're interrelated and where, as far as possible, everybody is in charge and nobody is looking over anyone's shoulder and there are no time clocks."

Direct Contact

A company's ability to achieve the kind of intimacy the small giants create depends to some extent on the relationship between the person in charge and the employees. If you have no direct contact with a substantial number of the people depending on you for their livelihood, it is extremely unlikely they will feel the intense, emotional attachment to the business seen in close-knit organizations where everybody spends time together, has important experiences together and knows what's going on in one another's lives.

Such personal connections alone do not produce the kind of commitment seen in the small giants. What

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A Culture of Intimacy

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exactly can be done to create an environment in which people feel their lives are so intimately tied to the business that, as a matter of personal pride, they do everything they can to help it achieve its aspirations and become the best at what it does? First, get the basics right. Make sure you have the right people on the bus, and keep the bus in good running condition. Also, if you want a company that cares, you need people who care, and they need to be motivated by more than money.

There are three broad imperatives that all small giants pursue in different ways and with different means. These imperatives must be a priority if the company wants to create a culture of intimacy and the mojo that goes with it:

1. Articulating, demonstrating and imbuing the company with a higher purpose. The higher purpose makes the work people do meaningful; it continually reminds them how their contribution matters and why they should care about giving their best effort.

2. Reminding people in unexpected ways how much the company cares about them. The crucial word is “unexpected.” The small giants go out of their way to make sure the message gets through, either by doing what most companies wouldn’t dream of doing or by using one of the standard tools in an unusual way.

3. Collegiality. This refers to feelings that employees have toward one another, the mutual trust and respect they feel, the enjoyment they get out of spending time together, their willingness to work through any conflicts that might arise, their collective pride in what they do and their collective commitment to doing it well. ■

Galt’s Gulch

Every new business represents an attempt by its founder, or founders, to reorder the world in some way. Most founders do so, however, without giving it much thought; and very few, indeed, think about how far they can go in reordering the world — which is not surprising.

The founders, owners and CEOs of the small giants stand out in part because of the extent to which they have thought about and worked on the basic questions about the kind of culture and organization they want.

They have various management philosophies, and their companies have quite different cultures and ways of operating. But together they illustrate the range of possibilities that a closely held, private company has in shaping the world inside its walls. In that sense, each company is its own version of Galt’s Gulch in *Atlas Shrugged* — a haven for people who have a common vision of the kind of society in which they want to live and work.

One other element needs to be considered in any dis-

How Hammerhead Attracts Talent

The four movie industry veterans who started Hammerhead Productions, the visual effects company in Studio City, Calif., wanted a business that would allow them to pursue their creative passions. They felt constrained at the large visual effects companies and didn’t have the flexibility they needed to do the kind of work they most cared about. They also wanted a culture that was more open and less hierarchical than those of most larger special effects companies, a culture in which people would work autonomously, without supervision. The founders wanted it for themselves and because they believed it would help them attract the kind of animators they were looking for.

cussion of how the founders of small giants create organizations that have such a powerful impact on the people with whom they come in contact — especially their employees. A few founders have thought about the way they are perceived, analyzed it, and incorporated it into their management philosophy.

Fritz Maytag of Anchor Brewing says, “I think there’s a certain amount of magic to all this, and the more you understand it, or think you do, the more you may lose it. Good management in a small company involves a certain freshness and responsiveness and natural feeling that is by definition partly unspoken, unarticulated, undefined.”

You can’t have real intimacy without a good deal of freshness, responsiveness and natural feeling. The bigger the role those spontaneous qualities play in the way the company is managed, the more mojo it is likely to have. ■

Pass It On

A small giant faces no greater challenge than making its mojo last. That’s hard enough to do under the best of circumstances, as history attests. It is infinitely more difficult to do so while simultaneously undergoing a transfer of ownership and leadership.

To begin with, it almost always requires the owners to make significant sacrifices. Among other things, they must be willing to accept a lower price for their stock than they could get if they simply sold to the highest bidder.

Even if the owners are willing to sell the company for less than they might otherwise receive, there’s still the problem of finding buyers with the vision, the passion and the talent to guide the business while continuing to nurture the qualities that have given it its mojo in the past. Most likely, those people are already working in the company. They understand better than anyone else what it takes to create mojo in that particular business because they’ve been part of making it happen.

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Pass It On

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Given both the complexity and the emotional ramifications of the issues involved, it's no wonder that most owners of private companies put off dealing with succession as long as they can — often until some life-threatening event forces them to face up to their mortality.

Making Mojo Last

Making mojo last does not mean keeping the company the way it is, or was. Mojo does not insulate a business from the marketplace. Small giants must adapt to changes in the competitive environment just like every other business, but they usually have an easier time of it, thanks to the same practices and beliefs that give them their mojo to begin with. They have an easier time in the first generation, while the founders are still around and driving the change, but the founders' very success can often become a significant obstacle to the leaders who follow them, especially when it becomes necessary to make fundamental changes in the way a company does business.

For some small giant founders, succession is not in the cards. Some companies' mojo will last only as long as they themselves are involved because the business can't survive without them. When a company is built around the unique talents of artists — such as Selima Inc., the dress company of Selima Stavola, and Righteous Babe, the music business of Ani DiFranco — it is almost impossible to imagine the company without its founder. ■

The Art of Business

What is the essence of the mojo all the small giants have? The answer has more to do with the people than with the businesses. The owners and leaders of these companies stand out for being remarkably in touch with, and focused on, what most would probably agree are the good things in life. They are very clear in their minds about what life has to offer at its best — in terms of exciting challenges, camaraderie, compassion, hope, intimacy, community, a sense of purpose, feelings of accomplishment and so on — and they have organized their businesses so that they and the people with whom they work can get it. When outsiders come in contact with such a business, they can't help but feel the attraction.

Choosing to Say No

Danny Meyer of the Union Square Hospitality Group says, "I've made much more money by choosing the right things to say no to than by choosing things to say yes to. I measure it by the money I haven't lost and the quality I haven't sacrificed."

The company is cool because what's going on inside it is good, it's fun, it's interesting and it's something with which you want to be associated. From that perspective, mojo is more or less the business equivalent of charisma. Leaders with charisma have a quality that makes people want to follow them. Companies with mojo have a quality that makes people want to be part of them.

All that starts, however, with the creative impulse to which Bernie Goldhirsh referred when he talked about entrepreneurs as the artists of the business world. If there's one thing that every founder and leader of a small giant has in common with the others, it is a passion for what their companies do. They love it, and they have a burning desire to share it with other people. They thrive on the joy of contributing something great and unique to the world.

Selima Stavola feels that passion for her art of clothing design. "I tell you, I wake up in the morning, and it's the best hour for me — because I'm so excited about going to work," she says. "It all comes down to, are you happy with yourself when you tackle a new day?"

There is a balance between art and business in all the small giants. They demonstrate that it's possible for the business side and the creative side to live in harmony. What makes it possible are the company's priorities. The business is the means people are using to pursue their passion, and not the other way around.

Mojo is not as scarce as some might suppose. Companies that have it are all over. Small giants are the heart and soul of the American economy, and they are setting a new standard for excellence on Main Street.

It's a standard to which thousands of companies can aspire, and many can achieve. What businesses do and how they do it have an impact that extends far beyond the economic sphere. They shape the communities in which we live, the values by which we live, and the quality of the lives we lead. There are no businesses that hold themselves to higher standards than do the small giants. ■



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