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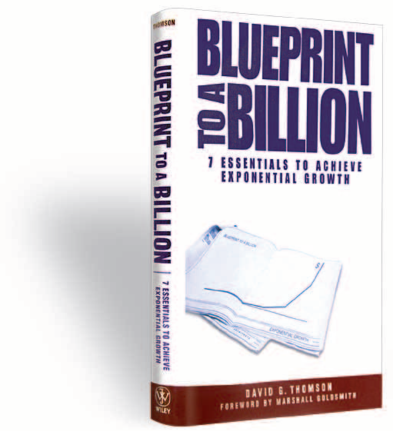

By David G. Thomson

7 Essentials to Achieve Exponential Growth

BLUEPRINT TO A BILLION

THE SUMMARY IN BRIEF

Microsoft, Google, eBay, Staples, Genentech, Starbucks, Nike and Harley-Davidson … these are just a few examples of an elite group of companies that have managed to turn billion-dollar ideas into billion-dollar businesses. What did these and other high-growth companies do to achieve such a goal? What blueprint do they follow to produce such results? Based on three years of in-depth research, this summary provides a quantitative assessment of the success pattern common across a distinct group of 387 "Blueprint Companies" that went from an initial public offering since 1980 and achieved $1 billion in revenue. They represent America's highest growth companies; they uniquely achieved exponential revenue growth and returns.

This summary is not about one unique company, its innovation and the financial returns it achieved. It's about the quantifiable, success-based pattern — independent of economic cycles or industries — that winning companies follow to produce the performance many admire and desire to emulate. These Blueprint Companies are known not only for their innovation, but also for their exponential revenue and returns — growth irrespective of economic or business climate.

It's about how you can use seven common essentials to better your business, organization, team or yourself and produce exponential growth. It's about taking the actions that matter while avoiding the pitfalls.

The bottom line is not about the coolness of the brand, the positioning of the business, or the pedigree of the CEO. Those can be important inputs; however, it is exponential revenue growth that makes a great company — so long as the management team ethically seizes the opportunity that it creates to achieve profitability, maintain positive cash flow, and produce high return on capital.

In addition, you will learn:

✓ ***How to create and sustain a breakthrough value proposition.***
✓ ***Why it is important to exploit a high-growth market segment.***
✓ ***Why "Marquee Customers" shape the revenue powerhouse.***
✓ ***How to leverage alliances to break into new markets.***
✓ ***How to become the master of exponential returns.***
✓ ***Why the management team is important in achieving growth.***
✓ ***How to build a board comprised of essential experts.***

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The Blueprint Thesis

The odds are one in 50 that an idea becomes a business, one in 20 that a funded business sees an *initial public offering* (IPO) and, finally, one in 20 that a public company achieves $1 billion revenue. The odds of turning an idea into a billion-dollar business, then, are one in 20,000! A long shot. Nevertheless, we chase this dream. We want to be among the few winners.

What does it take to become a billion-dollar company? The answer came from a quantitative and fact-based analysis of America's fastest growing companies.

The Blueprint Companies have a simple but definable characteristic: They not only grew fast, they exhibited exponential revenue growth. Exponential growth is super-compounding. It describes companies that can double revenue every year.

When the 387 Blueprint Companies are compared to the 7,454 American companies that went public since 1980, they represent 5 percent of these companies and account for 56 percent of employment in 2005 and 64 percent of market value! (The list of Blueprint Companies is available at www.blueprinttoabillion.com.)

Significant Insights About Blueprint Companies

By first looking at the financial patterns of Blueprint Companies and defining the actions required to create their financial impact, it is possible to reverse engineer the behaviors and skills required. Like a rocket, these companies need to be on the right flight trajectory and have the speed to break the pull of gravity — to escape being a mediocre, low-orbiting projectile. The *exponential* revenue growth curves have these three parts:

1. A variable runway. The *time to the inflection point* was highly variable from the founding year to the inflection point. For instance, Google went from its founding to the inflection in two years while Cisco took seven years to get to that point. In an extreme example of a lengthy timeline to the inflection point, Fifth Third Bancorp had its beginnings in the middle of the 19th century.

2. An inflection point where revenue breaks out into an exponential trajectory.

3. Variable growth rates to $1 billion revenue that follow a four-, six- or 12-year trajectory. ■

Create and Sustain a Breakthrough Value Proposition

Whether the industry is chemicals, clothes, technology or financial services, Blueprint Companies have a big idea. It's an idea with legs: a set of breakthrough capabilities that delivers high value to customers. These capabilities come in the form of breakthrough products, breakthrough services or breakout levels of new value.

These are value propositions — clear statements of the tangible benefits a customer gets from acquiring and using a company's product or service.

Essential #1: The Blueprint Value Proposition

Every Blueprint Company had a compelling value proposition. All were founded on the delivery of a breakthrough set of customer benefits that went far beyond mere improvements to existing products and services. They may not have reinvented the proverbial wheel, but they have come close, delivering breakthrough products and services better, faster and cheaper than what existed previously.

It requires more than a breakthrough product. The product innovation has to be aligned with the needs of the outside world. When the product is good and the environment is ready — that's when a breakthrough innovation becomes a breakthrough value proposition. Blueprint Companies create breakthrough value propo-

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For additional information on the author, go to: http://my.summary.com

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Create and Sustain A Breakthrough Value Proposition

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sitions by asking these three critical questions:

- **What market segments are we addressing?** Blueprint Companies can create new markets, redefine existing markets or optimize mature markets. But in each case they are aligning their contribution to the unmet needs of the outside world. Genentech created a new market in biotech products, Starbucks refined an existing market, and JetBlue has invigorated a mature market.
- **Who are our targeted customers?** Blueprint Companies see *people* on the other side of their products. They design their products or services for their customers. Michael Dell used to bring customers up to his dorm room at the University of Texas where he developed his latest computers and from there developed his company.
- **What benefits are we delivering?** Blueprint Companies also recognize that there are two kinds of benefits: functional and emotional. For JetBlue, the functional benefits include on-time arrival and departure, nonstop flights, and a choice of flight times. The emotional benefits include enjoyment, comfort, and peace of mind.

The best Blueprint Companies fall into one of the following three categories:

1. Shapers of a New World (57 percent of the Blueprint Companies) truly create a new market for their products and services. These companies include eBay, Amgen, Medtronic, Cisco and Genentech. This category also includes companies, such as Broadcom, that arrive just in time to fill a critical gap, unlocking new worlds of services and products.

2. Niche Shapers (33 percent of the Blueprint Companies) are companies, such as Starbucks and Harley-Davidson, that followed the *Shapers of a New World* with products or services that redefined a specific market segment. Another type of market niche is one that offers an alternative to the incumbent.

Redefining the market in the context of an established market can be achieved by fulfilling an unmet need with a highly differentiated service or product. The company must offer higher-order benefits such as superior capabilities or emotional benefits not found with adjacent market peers.

3. Category Killers (10 percent of the Blueprint Companies) optimize a market by attacking the existing incumbents with a better-faster-cheaper value offer. These companies include AutoZone, Best Buy and Home Depot.

Creating Breakthrough Customer Benefits

Blueprint Companies deliver more than functional benefits. They deliver intangible benefits with high emotional value. Offering customers higher-order emotional benefits creates strong customer loyalty. The higher a company goes from functional to emotional benefits, the greater the value and the better the margins. What a company offers is assessed by users for its functional benefits and its emotional benefits. Providing emotional or intangible benefits results in customers giving "permission" to providers as they endorse these broadening benefits. ■

Create and Sustain Exponential Revenue Growth

Exponential revenue growth is the distinguishing characteristic of Blueprint Companies. Creating and sustaining exponential revenue growth are often the hardest part of building a business. It's not so difficult to find great teams who knew how to spend and investors who knew how to invest. Developing markets, customers and alliance partners, however, is the much more challenging part. Blueprint Companies have found these three common essentials of revenue-building:

- They exploit high-growth market segments.
- They build deep relationships with their best customers.
- They develop alliances.

Essential #2: Exploit a High-Growth Market Segment

Opportunities exist in many industries. Fresh industries such as biotechnology and Internet retail spawned multiple Blueprint Companies in the 1990s. Still, industries such as specialty stores generated the highest number of Blueprint Companies with 18 firms.

Specialty stores are omnipresent retail chains that sell anything from tire jacks and spark plugs in one case, to office supplies in another, to kitchenware in a third. There has been a revolutionary proliferation of these retailers in the last decade and it is not only due to smart marketing and an inflow of consumer dollars. It is also part of a technological revolution in companies, product scanning, satellite-sent data and real-time tracking of inventory that has made massive retailing possible.

Technology also plays an important role in the distribution and supply chain of the niche housewares players. "If you can operate with 20 percent less inventory or 60 days less manufacturing time, that is huge leverage," says Howard Lester, Chairman of Williams-Sonoma. ■

For additional information on specialty retail stores, go to: http://my.summary.com

The Big Picture: Lessons From America's Top Markets

Powerful lessons can be derived from what top leaders have shared about why certain industries form the

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The Big Picture: Lessons From America' Top Markets

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backbone of the Blueprint Company set. Here are five:

1. Most of the Blueprint Companies are growing in mature markets, not newer industries such as Internet retail.

2. Top Blueprint Companies used best management practices and technologies to stay close to their customers.

3. Exponential revenue growth requires multiple product lines or service offerings.

4. Blueprint Companies partner with suppliers to lower cost for product delivery and product differentiation.

5. Import the talents and lessons from adjacent industries.

Essential #3: Marquee Customers Shape The Revenue Powerhouse

Customers can be more than customers. The best of them can serve as an extension of your sales force. These "Marquee Customers" are customers who shape the company by testing and deploying the product, recommending the company to their peers, and simply by providing exponential revenue growth on a per-customer basis. For example, eBay's top customers are part of a feedback system that helps shape eBay's new services. These top customers are also a powerful word-of-mouth sales force to attract other customers.

The underlying driver for corporate exponential revenue growth is exponential revenue growth within each of these customers. Maximizing customer life-cycle revenues is fundamental to achieving exponential revenue growth per customer.

Deep Relationships With Valued Customers

It is not just about the number of transactions a company completes. It is not even about just selling hard. Rather, *it is about securing deep relationships with a limited number of valued customers who become the rising tide for exponential growth.* To be sure, they will not account for all revenues. However, at Blueprint Companies, these deep relationships account for a disproportionate share.

These are the Marquee Customer relationships — like the booster stage on a rocket going into orbit, they supercharge growth. Marquee Customers are people or companies with such sparkling reputations that their glow extends to whomever they do business with. They give companies credibility and instant status — sort of like having Michael Jordan dropping by your driveway to shoot hoops with you.

Marquee Customers help companies in three ways:

1. Product Consumer. They test and deploy the product. If the product is deficient, they will say why. If the product is good, they will place an order.

2. Value Proposition Shaper. They co-develop the value proposition. They can tell you if your value proposition is good for them, regardless of how good it seems to you. Marquee Customers help the management team shape the business. Therefore, the choice of which customers to sell to is critical to early execution of the company's strategy.

3. Lighthouse Reference. They serve as a reference and sell to peers. Like a lighthouse, they draw attention to up-and-coming companies by offering recommendations and references to their peers in the same way you would tip a friend off to a good painter or plumber.

Marquee Customer buyers not only give Blueprint Companies "instant credibility," they increase their revenues dramatically. Joe Scarlett, CEO of Tractor Supply, describes his company's Marquee Customer relationships: "We have a small percentage of customers who are not only important but very loyal to us. This small percent of customers accounts for a significant percentage of our business." These customers come back time and time again.

Marquee Customers are not just adequate engines of revenue: They help Blueprint Companies become revenue powerhouses. The more effort a company puts into becoming a revenue powerhouse, the greater the chances of getting to $1 billion revenue.

Start by Securing a Customer Beachhead

Blueprint Companies find a customer champion that buys their product for the first time. Once they gain their beachhead, they quickly begin to develop their long-term relationship with their Marquee Customer that, in turn, shapes them and their success.

They do this by uncovering a latent or unmet need by asking many questions. They identify an innovative solution to that unmet need. Providing a unique solution for an unmet need can provide a unique win-win opportunity for them and their customer.

Finally, Blueprint Companies do not just look for a transactional sale; they fulfill a higher-order need and in this way maximize customer revenues over a period of years.

Capture the Mind of the Customer

Blueprint Companies not only act differently than slow-growth companies, they also think differently. They are truly guided by a mission. They have a "big picture" that motivates management, electrifies the brand and excites customers. Capturing the mind of the customer adds significant value to why they will want to do business with a company for the long haul. It underscores:

- A compelling emotional benefit.
- A road map of new services or products to come.
- The company's potential to serve a "greater good."

What is remarkable about the big ideas of Blueprint

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For additional information on how Cisco developed a Marquee Customer philosophy, go to: http://my.summary.com

The Big Picture: Lessons From America's Top Markets

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Companies is that they are synthesized into a simple, crystal clear concept that is aligned with a higher-order benefit that encompasses functional and intangible benefits. These intangible benefits create permission from customers to rapidly extend and add new products or services and importantly provide endorsement to other customers.

Find Your Marquee Customer

Executives often underestimate the time needed to develop deep customer relationships. Comparing this cycle to the product-development cycle, which can be much shorter, can be a reality check for managing priorities and lead times.

Marquee Customers are regarded as the thought leaders of the industry. They are not necessarily the largest, but they are regarded for their innovation and problem-solving skills. They may be identified either by the name of the company or a leader's reputation within a company.

You can also look for these customers among industry giants that drive or set industry-leading standards. Their commitment to a supplier is the testament required for others in the community to follow their lead. For example, being a supplier to Wal-Mart is a testament that these companies are of a price, quality and supply-chain standard worthy for others to consider.

To access Marquee Customers, try to become friends of their friends. Determine who their advisers are. Get to know them and ask for a recommendation. Go to professional associations in order to meet their executives.

Blueprint Companies developed deep relationships with Marquee Customers so that their customers became their best sales force.

Customer Life-Cycle Revenues

Blueprint Companies created exponential revenue growth with these customers using the following set of variables that maximized customer life-cycle revenues:

- **Product scalability.** This variable describes the size of the initial product sold — small or large. Because the customer has a choice of which size to buy, marketing and sales can influence this decision.
- **Revenue per unit.** Independent of size, revenue per unit is critical if the price per unit is low. Then, volume is more critical in order to generate the revenue required. The ability of the sales force to negotiate the best price per unit is critical to maximizing gross margins.
- **Number of customers.** The ability to attract and retain customers varies depending on the value proposition, target market and effectiveness of the sales force.
- **Frequency of purchases per customer.** If companies have low-priced products, then along with a high number of customers, high frequency of purchase is important to generating high revenues.
- **Number of new product extensions.** Maximizing a company's portfolio of products or services increases the number of customers and the revenue per customer.
- **Geographic coverage.** Companies need a diverse geographic coverage to increase the number of customers served or increase the revenue per customer.
- **New lines of business.** Companies expand into new lines of business to grow revenue or create pull for their core business.

Essential #4: Leverage Big Brother Alliances for Breaking Into New Markets

The complement to a Marquee Customer relationship is a "Big Brother-Little Brother" alliance relationship. These alliances, in which a bigger company helps a smaller one, provide credibility to the Little Brother, give it market intelligence, and lead it to Marquee Customers. It is a two-way street. Big Brothers also need Little Brothers to help them remain on the cutting edge of innovation.

Building new businesses requires assembling a host of new capabilities such as manufacturing, emerging technologies to complement the core value proposition, channels to market, geographic expansion, and systems integration. Certain companies require speed and flexibility in order to access the capabilities of others. Creating alliances requires less capital commitment and risk than do acquisitions — a big advantage when a company lacks scale and management capabilities.

Blueprint Companies abound in Big Brother-Little Brother relationships: Microsoft had IBM; Siebel had Microsoft and Andersen; eBay had AOL; Genentech had Eli Lilly; and Yahoo! had AT&T WorldNet. What do these relationships have in common? In each case, the Blueprint Company, the Little Brother, created a company-shaping alliance with an established Big Brother, an industry giant. This relationship helped the Little Brother get on its feet and enter a trajectory for $1 billion in revenues. Similarly, the Big Brother benefited in a significant way from its Little Brother, often in its help in solving a critical strategic or operational challenge.

This alliance pattern remained unchanged across boom-and-bust economic cycles. Little Brothers and Big Brothers *need* each other. Blueprint Companies leverage their success by forming successful alliances.

Getting Alliances Right

In an era of rapid market evolution, do the following to create a well-structured alliance agreement:

- **Choose the right agreement.** It is not always desirable to invest in a formal contract before the value of the partnership is clear to both parties. Choose an agreement

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acknowledging uncertainty and nature of contributions.

- **Avoid granting exclusivity — but always push for exclusivity.** Hedge your bets by relying on multiple partners. Allow market forces to define de facto exclusivity.
- **Use equity to encourage mutual performance.** Contrary to popular belief, equity does not guarantee performance. Think of equity as an incentive one may pay out in the long run if the partnership is effectively executed.
- **Commit business unit heads along with the CEO of the small company to champion the alliance.** Senior executives on both sides should be champions of the alliance. Their names should be written into the agreement.
- **Have an exit strategy that includes triggers based on performance or market conditions.** This should include how assets and intellectual property created during the partnership will be distributed. There are three typical evolution paths: Buy the company, buy the intellectual property, and grow together or grow apart.

Scale Alliances Based on Success

In order to increase the odds of success, many Blueprint Companies institutionalize their successful alliances so that other companies can participate. In 1998, for instance, Siebel launched a formal alliances program modeled after its Big Brother alliances with Microsoft, Andersen (now Accenture) and IBM. The program featured a comprehensive set of technical and marketing programs that enabled new partners to develop and promote their products in conjunction with Siebel Systems. The alliance program was divided into three categories:

1. Consulting Partners. Siebel's partnership with Andersen Consulting established the standards for their program. The program enabled partners to provide services to customers in terms of systems integration, consulting, training and process re-engineering.

2. Software Partners. Independent software companies were given the right to provide Siebel customers with software applications and products that inter-operate with Siebel software.

3. Platform Partners. Providers of hardware, database and operating systems were certified to offer joint benchmarking, timing, sizing and configuration with Siebel. ■

Seizing the Opportunity to Create Exponential Returns

Essential #5: Become the Masters of Exponential Returns

A fairly common management behavior suggests that allocating more resources toward developing and introducing products will solve innovation problems. This often leads to directing too much investment. The technology industries serve to illustrate what it takes to create the highest value per company. To achieve such high market values relative to other companies in other industries, they were cash-flow positive early and sustained this positive cash flow to $1 billion revenue.

Shareholder value is maximized by three factors: high revenue and revenue growth, high return on invested capital (that significantly exceeds the cost of capital) and the sustainability of those factors.

The Financial Profile of the Blueprint Masters

Blueprint Companies implemented a process for executing, measuring key financial and customer metrics as well as providing the incentive to their organization to achieve exponential returns. The group of industries that delivers the highest market value at $1 billion revenue is high technology, which includes hardware, software, peripherals and semiconductors. These industries are not the most numerous in the Blueprint list of 387 companies, but the high-tech companies are the most highly valued by shareholders.

Here are four key principles to creating superior value that can be learned from their success:

1. Create attractive gross margins early. Blueprint Technology Companies not only achieved margins in excess of 60 percent early in their history, but remained at that level throughout their journey to $1 billion in revenues.

2. Contain expenses to achieve more than 20 percent earnings before interest, taxes, depreciation and amortization (EBITDA).

3. Become cash flow positive early.

4. Utilize incremental gross margins to self-fund incremental investment.

Delivering Shareholder Returns

While a firm's return on invested capital guided its market valuations, another perspective of market valuation of Blueprint Companies found that average shareholder returns were proportional to the revenue trajectory followed. In fact, companies that achieved $1 billion in four years averaged 87 percent annual growth in market value. Those that reached it in six years averaged 41 percent annually. Those that reached $1 billion revenue in 12 years averaged a market value increase of 21 percent annually.

Essential #6: The Management Team — Inside-Outside Leadership

Among Blueprint Companies, "dynamic duos" drove many of the star-performing companies. These are two individuals who worked tightly together to build the firm from dreams to $1 billion in revenue.

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Seizing the Opportunity to Create Exponential Returns

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One of the pivotal essentials that enables the other essentials to be executed is a strategic leadership pairing in which one leader (or team) faces *outward* toward markets, customers, alliances and the community, with the other leader (or team) focusing *inward* so as to optimize operations. Think of Blueprint Companies such as Microsoft, eBay, Yahoo! and Tractor Supply where the inside executive is typically the chief operating officer and the external-facing executive is the chief executive officer. Together, they manage forward and innovate continuously, whether in product or marketing innovation. They make swift decisions and quickly correct their mistakes. Most important, they have complete trust in and respect for one another.

These dynamic duos are not just colleagues or even just friends. They have a remarkable chemistry between them, built on a very high level of respect and trust. They benefit from having complementary skills and talents.

Leadership characteristics that distinguished the inside-outside pairing include consistent communication about the company's direction and priorities; consistent values, particularly during defining moments; problem-solving skills; and having a passion to address customers' unmet needs.

Breakaway Marketing Leaders

Blueprint leaders are superb communicators. They possess the personal chemistry, even charisma, that lets them bridge the gaps between alliance members, Marquee Customers, community leaders and important investors.

Outside-facing CEOs are highly exploratory — particularly with relationships and creating opportunities. This forward-thinking style is critical to proactively developing Marquee Customers and Big Brother alliances, securing the right board members, and evangelizing the company's vision to employees and the community. This leader affects the forward-thinking approaches of the person whose role is focused more primarily on the inside, who is responsible for innovation leadership.

Breakaway Innovation Leaders

While the dynamic duo is evangelizing customers, conceiving a brilliant marketing strategy and managing the business, a third critical leader, typically the founder of the company, focuses more on the product rather than on outside relationships. These third leaders are often highly creative, with a broad range of interests. They have a need for innovation because they have a passion for extremely creative inventions. They work with others, but mostly because of a mutual interest in the subject. Rather than personal charm or charisma, they often use brilliant new ideas and the lure of exploration to keep their teams working together.

Company founders often assume this leadership role. They are pivotal in shaping the innovation-based value proposition, creating and leading the core engineering team and contributing to the fundamental principles on which the business model is based. They serve to provide a consistent trajectory of innovation aligned to the company's core value proposition.

These leaders provide an important link to customers, partners and markets in terms of getting product feedback from them. As corporations grow with new employees, these product-centered innovators act as a critical adhesive element by spurring the team on to higher levels of innovation.

More Key Roles in Blueprint Management

No single CEO can possibly keep all of the essentials in motion without help. In fact, the successful corporation is much more like an *ecosystem* than a cult of personality or personalities.

Blueprint Companies need steady-handed managers who bring stability to the enterprise. These individuals exhibit control, discipline and predictability.

It is not true that most Blueprint leaders had previous experience working in smaller companies. Of the top companies, the inside-outside leaders came from varied backgrounds. It is also not true that the founders rarely stayed with the company all the way to the $1 billion revenue mark. In addition, Blueprint founders are not the same breed. They came from all walks of professional life — from college dropouts to college grads, from small company leaders to large company leaders.

Essential #7: The Board — Comprised of Essentials Experts

Blueprint boards are not packed with investors. Blueprint Companies recruited customers, alliance partners and other Blueprint CEOs on their boards, and that makes a big difference. Board composition is a reflection of the execution of the essentials.

In order to understand the structure, top companies that were on the four-, six- and 12-year trajectories were sampled under the assumption that these boards probably had many customers and investors represented on them.

Of the four-year companies, 60 percent had an alliance partner on the board and 30 percent had customers. This ratio was reversed for 12-year companies.

A consistent set of big-name investors did not show up on these boards. The same firms were often seen, but rarely the same partner. Instead, the CEOs from other Blueprint Companies were represented time and again.

Cross-board relationships between Blueprint Companies can occur for strategic reasons. At the high point of the Internet, Tom Stemberg recruited eBay's

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Meg Whitman to join the Staples board.

The boards were quite balanced in terms of structure. The average size was nine with customers, alliance partners, community leaders, and CEOs from other large companies counter-balancing the investors and management team. ■

Linking the Seven Essentials

Blasting into orbit is similar to what Blueprint Companies experience as they hit their inflection points and stretch skyward in growth. While the rest of us tend to simplify the picture and observe the graceful trajectory of rising revenues, inside the company critical, high-pressure decisions are constantly being made. The decisions at this stage — the value proposition, early customers, the leadership team — are critical to determining the difference between becoming a *growth company* and becoming an *exponentially growing company that achieves $1 billion in revenue.* These decisions are the g-forces (multiples of the force of gravity) that can hold back management — challenging them to build the company fast and furiously enough to achieve "escape velocity."

Most companies experience slowing growth as they get bigger. This tends to pull them back to Earth. If the company is going to make $1 billion revenue, then it has to start with a surprisingly high growth rate. A company that expects to reach revenues of $1 billion in just four years, for instance, must have an approximate compound annual growth rate of 110 percent. For six years, the growth rate must be 65 percent — and for 12 years, 30 percent.

The linkage of the seven essentials provides a growth boost, like the second stage of a rocket pushing the space shuttle in orbit. When you put the essentials together, they are more than the sum of their parts. Linking them, in fact, creates the dynamic "1 + 1 = 3" effect that accounts for exponential revenue growth and cash flow. Executing all seven essentials with average or above average performance can make the difference between being a growth company and being a Blueprint Company.

The linkages that differentiate Blueprint Companies — exponential revenue growth and exponential returns — can be described as follows:

- **Link the big idea with markets and Marquee Customers.**
- **Link the company's resources to the front line.**
- **Establish a board of essentials experts.**
- **The innovation leader leads the development team and links them to the value proposition (the big idea).**

A High-Performance Culture

It is important to step back from all the strategic, financial, leadership and governance issues around Blueprint Companies and consider the company culture implications. Such high-performing organizations can be extremely challenging to work in. Terms such as "performance focus," "bottom-line orientation," "accountability," "making the numbers" and "aggressive management style" may have a positive ring in the business sense, but can come at a high human cost: personal and mental health, shortened job tenure and strains on family life. To be frank, there are a few Blueprint Companies that had reputations for rapidly turning over teams if they failed to meet the numbers.

This is concerning, because most of us need some sense of belief that the place where we work is a "good" or "great" place to work. We also want the enterprise to be a success, largely because success is the best form of personal satisfaction and job security.

Fortunately, as can be seen with many Blueprint Companies, the best corporate cultures are ones with a high-performance focus *and* a nurturing environment. ■

Talent and Leadership

The primary growth challenge will come more from the constraints of recruiting, developing and retaining the best leadership and talent that a company needs than it will from financial constraints. Business talent will become even more mobile and, given the acceptance of virtual teams, will become even more accessible to employers around the globe. Therefore, companies are compelled more than ever to strike that right balance between employee satisfaction and financial performance.

In today's flat world, that means recruiting innovative and talented employees not just locally but globally. The ability to recruit and retain the very best talent a company would need is both a high priority and constraint — now and in the future.

Recommended Reading List

If you liked *Blueprint to a Billion*, you'll also like:

1. ***Good to Great* by Jim Collins.** Collins used strict benchmarks to identify a group of 11 elite companies that made the leap from good to great and sustained that greatness for at least 15 years.
2. ***The Alchemy of Growth* by Mehrdad Baghai, Stephen Coley and David White.** The authors offer the concept of strategic planning built on three "horizons" reflecting the present, short-term future and long-term future.
3. ***Competing for the Future* by Gary Hamel and C.K. Prahalad.** The authors describe ways to develop stretch goals, build new competencies, and define the future.
4. ***Competitive Advantage* by Michael Porter.** Porter shows how companies can achieve cost advantages on unique products or services in order to boost profits.
5. ***Creating and Dominating New Markets* by Peter Meyer.** Meyer shows company leaders how to create new markets (and thus avoid battling for a place in established markets that already exist) while reducing their risk.