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Envisioning, Enabling and Enacting:

Metamorphosing the Enterprise

P3 Diagnostic

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Abstract

Previous evolution models have an intuitive logic and attempt to delineate an organic approach to organisational development and growth. They fail typically, to look at the recognition and release of individual talent and organisational capability. This paper reviews the position taken by these approaches and presents an alternative model of organisational growth. The paper demonstrates that the foundation for successful enterprise is for the abilities of three founder types termed Envisioners, Enablers and Enactors to align around a unifying vision or shared mission. These leadership roles define and process creativity from initial principle through to practical implementation.

This relational and motivational alignment is a condition for the proposed Egg to Butterfly EtB organisational growth model and is likened to its enabling DNA for releasing the potential of the enterprise through sustainable metamorphic progression.

The theoretical model provides a fresh insight into growing enterprises, based on these three dimensions, being engaged throughout the metamorphic progression.
Background

The theoretical construct combines the fields of Organisational Behaviour, Human Resource Management and Growth Theories and offers a path that organisations may choose to follow. It is like a map that develops an approximation to different organisational capability and a way of ‘seeing’ and aligning enterprise, talent and work. It flies in the face of conventional business growth models that imply increasing control of individuals and in particular, restrictive boundaries being put on entrepreneurial freedom with organisational growth. In contrast the Egg to Butterfly metamorphic approach (EtB), presents an alternative business model geared towards recognising, developing and releasing people’s talents and potential.

Profit maximisation may be considered more as an outcome rather than a core objective of the business around which decisions are bounded. The approach encourages the possibility of designing organisations around people’s talents rather than squeezing them into job descriptions and convenient functional organisational labels.

The approach developed by Nigel Sykes has been presented to MBA students at Warwick Business School and to undergraduate students at both Warwick and Birmingham Universities. In addition EtB has been delivered as a conference paper to international audiences including Vanderbilt University, Nashville and to numerous private and not for profit organisations. Whilst the model has received very positive feedback from these various interest groups,
it must now be taken forward to practical outworking and needs to be supported by empirical research, qualitative feedback and an assessment made of its longitudinal impact.

This work is underway and it is hoped that at this stage the brief testimonies presented in this paper will serve to offer a glimpse of EtBs potential.
Envisioning, Enabling and Enacting:

Metamorphosing the Enterprise

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Introduction

Harnessing creativity is often what defines entrepreneurial activity. Many organisations, both large and small, seek to become creative because they realise that through creativity they may release the potentiality of their enterprise. Organic models such as those developed by Griener (1972) suggest that systems and bureaucracy inhibit entrepreneurial management and lead to the stagnation or levelling off of the growth process. He suggests this is a result of their inability to change fundamentally (see Miller and Freisen, 1987).

This paper argues that releasing and harnessing creativity enables the organisation to grow and that it is vital that the apposite structure of the organisation to facilitate this is better understood. Typically alignment has been viewed as the coalescing of individuals around a particular mission statement, set of objectives or goals. Following on from this, it is further argued that these objectives are often grouped around some form of pecuniary maximisation thesis such as profit or sales.
There are clearly difficulties with such an approach: for example concentration on maximisation could lead us to restrict our understanding of the causes of growth. Hence, we often perceive organisation development by some reference to economic performance when capability or potential may offer broader and more helpful insights.

It will be argued that there is a need to look at the individuals themselves – both in terms of their own motivations and their relationship with the group – if we are to better understand, organisational growth and development. We need to go beyond this point: it may be, if we are to assess organisations appropriately, that we need to consider if the existing organisational forms (hierarchical, patriarchal, maximisation-bound) are appropriate for unleashing creativity within an organisation. The breadth or range of talent needs be better understood, correctly aligned and encouraged. Marcus Buckingham (2001) describes how the Gallup Organisation interviewed over 2 million managers and found a pattern of 34 themes of human talent that explain the broadest possible range of excellent performance. He suggests that we can identify our five most dominant themes of talent and that these five individual signatures are the most powerful sources of strength. (An Internet based personal profile can be taken called StrengthsFinder.) Rather than employing people for their strengths and managing them for their weaknesses, we can see the possibility of recruiting people for their talent and encouraging them to grow and develop within helpful organisational boundaries.
To this end the development of these talents is seen as a key feature and indeed purpose of organisations and implicit in their sustainability and long term transfer and intergenerational existence. Central to this process, is the presence of three generic talents or characteristics that inform the structure of an organisation. The first is the characteristic of ‘envisioning’ or the ability amongst an individual or group to conceptualise laterally. A second vital constituent needed is the ability to ‘enable’ or to manage and co-ordinate activities. The third element, ‘enacting’, refers to the ability to carry out the work and bring it to completion.

These three elements are essential if the organisation is to mediate successfully not only emergence and development but also growth. It is suggested that this process can be viewed using the following rubric - organisations metamorphose around four distinct stages: the ‘egg’ phase (inception to convergence); ‘caterpillar’ phase (emergence to team enlargement); ‘chrysalis’ phase (consolidation to product development stages); and ‘butterfly’ phase (release to fragmentation). (Figure 1)
This paper also argues that to negotiate each of these four stages it is essential that the organisation has elements of envisioning, enabling and enacting leadership written into its very core. The ‘fruit’ or evidence of the complete alignment of this organisational leadership or DNA could be monitored throughout the metamorphic progression by tracking motivational alignment, resource capability and propensity to release or change, using the diagnostic in Figure 2.

![Fig.2 P3 Diagnostic](image)

Called the P3 diagnostic it is based on the three key dimensions of the entrepreneurial process, Possibilities, Process and Progression, which represent the Envisioner, Enabler and Enactor capabilities respectively, being exercised effectively. The fruit of the successful organisational transition through the P3 phases would typically be evidence of positive motivation and
agreement, ability to attract resources and inclination toward release and change into new possibilities, thus completing the entrepreneurial transition. Should the identified fruit be general lack of motivation, high staff turnover, shortage of resources and over control, then this may indicate that either the Envisioner, Enabler and/or Enactor bases are not be effectively covered or recognised in the organisation being examined.

**Fig 1** Illustrates that an organisation passes through four distinct phases or development curves. Each time the leadership must adopt a different strategic focus and be prepared to move out from their current path or paradigm into a new ‘way of being and seeing’. During the initial **Egg** phase the organisation aligns resources in order to take advantage of an opportunity: a time when it seeks to develop relational alignment and maximise effectiveness given, at least initially, its limited resources. Establishing credibility, confidence and a strong foundation from which to move out, also becomes a priority.

The **Caterpillar** phase is characterised by a time of moving out, rapid growth and alignment of initiative toward the external environment and in particular toward the gathering of resources. Enlarging the scope of the enterprise will call for new skills and the implications of this may be seen as uncomfortable to the original founder(s). Changing the way the firm behaves should not be underestimated and resonates with the proposition termed “second curve thinking”, Handy (1994), (Figure 3).
Entering the Chrysalis phase must be seen as a time of inward investment and utilisation of the resources gathered during the Caterpillar phase. The emphasis shifts towards new product development and the legacy of the enterprise. The notion of life from death comes to mind at both the egg and chrysalis phases. This model will be developed more fully.

This paper is organised as follows. In the first section, we shall consider various organic approaches to organisational growth. The second section examines, in greater detail, the proposed model. Empirical evidence is provided through a number of case studies to illustrate the constructed model. The paper concludes with a discussion of the findings and suggestions for further research.

**Background**

Organic models of organisation development are not new. Marshall (1920), for instance, suggested that we could consider the following:

“But here we may read a lesson from the young trees of the forest as they struggle upwards through the benumbing shade of their older rivals. Many succumb on the way, and a few only survive; those few become stronger with every year, they get a larger share of light and air with every increase in their height, and at last in their turn they tower above their neighbours, and seem as though they would grow on for ever, and ever become stronger as they grow. But they do not. One tree will last longer in full vigour and attain a greater size than another; but sooner or later age tells on them all. Though
the taller ones have a better access to light and air than their rivals, they gradually lose vitality; and one after another they give place to others, which, though of less material strength, have on their side the vigour of youth.” (p. 315-316)

Following Marshall (1920) there have been numerous attempts to delineate an organic approach to organisational development and growth. Advocates of such an approach include Greiner (1972), Kimberley and Miles (1980), Galbraith (1982), Churchill & Lewis (1983), Quinn and Cameron (1983), Miller and Friesen (1984), Flamholtz (1986), Scott & Bruce (1987), Kazanjian (1988), and Adizes (1989). Each of these approaches have been attracted to the possibility of providing ready heuristic measures of business development. Thus, whilst there is no general agreement about the number of stages that any business passes through from cradle to grave, there is a sense amongst life-cycle theorists that businesses “develop patterns of organisation structure in response to common growth and market challenges. Failure to adequately adapt organisation systems and processes results in growth crises, or growing pains which can stall or thwart the growth process” (Hanks et al, 1993: 7).

It has, however, been pointed out that there are a number of problems with these traditional organic approaches. Penrose (1959), for example, hinted at the difficulty in identifying and appropriately labelling, organisational change: “The differences in administrative structure of very small firms and very large are so great that in many ways it is hard to see that the two species are of the
same genus…We cannot define a caterpillar and use the same definition for a butterfly.”

There are other particular problems with the life-cycle approach. For example, Stanworth and Curran (1973, 1976) have suggested that those in organisations are not driven principally by profit maximisation but by utility maximisation (i.e. independence or maintenance of a particular life-style). Others such as Hakim (1989), have criticised the use of such a model because it is conceivable that organisations may miss particular life-style stages or go through them so quickly as to be difficult to measure appropriately. Moreover, even if organisations do pass through uniform stages, the various attempts to measure the life-cycle have been beset by measurement difficulties. For example, although there is a general concentration upon age and size as important variables (Greiner, 1972; Kimberley and Miles, 1980; Galbraith, 1982; Churchill and Lewis, 1983; Quinn and Cameron, 1983; Miller and Friesen, 1984; Flamholtz, 1986; Scott and Bruce, 1987; Kazanjian, 1988; and Adizes, 1989) even here ‘size’ is measured in terms of employment (Miller and Friesen, 1984) or sales (Smith et al, 1985). Life-cycle theorists have also used a wide range of other variables: products-market scope (Scott and Bruce, 1987); strategy (Churchill and Lewis, 1983); or, more commonly, growth rate (Greiner, 1972; Galbraith, 1982; Churchill and Lewis, 1983; Flamholtz, 1986; Scott and Bruce, 1987; Kazanjian, 1988; and Smith et al, 1985).

It may, therefore, be argued that organic models of organisational development and growth are fundamentally flawed. Nevertheless, organic
models do have an intuitive logic: organisations are born, grow and die. It may also be suggested that part of the difficulty with traditional operationalisations of organic models is that they have considered the symptoms rather than the causes of why organisations evolve. In part, as we have seen, this may be a product of differing measures of organic change (e.g. sales growth, employment growth etc.).

More fundamentally, there is burgeoning evidence suggesting a more appropriate measure of organic change is to consider the characteristics or attributes of individuals who reside at the heart of these organisations. Indeed, rather than seeing organisation growth as a function of an increasing tendency towards control, bureaucracy and hierarchical forms of organisation (Scott and Bruce, 1987; Adizes, 1989), Handy (1994) suggests that these organisational modes can often engender individuals who look to stifle rather than promote growth and development.

Empirical research (Storey, 1996) has also indicated that successful medium sized businesses which grow in excess of 30% per annum, termed by Storey (1996) Ten Percenters, could be characterised by two particular traits. The first is that they are likely to have exploited a rapidly expanding niche within a particular market and the second condition being that the firm is well managed. Storey (1997) later observes that whilst the owners were gifted at “locating the boat in fast flowing rivers” many of these firms were not, in the traditional sense, well managed. He argues that a successful firm needs to anticipate the next wave or opportunity and prepare the crew in the right position on the boat to take advantage of it as it passes.
Further evidence from Miller (1990) indicates that there are grounds for suggesting that if an organisation wishes to have a long-term future it needs to consider its distinctive ‘personality’. He suggests that many enterprises become ‘trapped’ by an over emphasis on one particular aspect of their activities whether this be sales, inventing new products, acquiring businesses or by focusing upon technical issues and problems. He suggests that the enterprises develop a bias or dominant strategic ‘personality’ and that this approach will have tragic consequences leading, to its dismemberment or death. This he refers to as the ‘Icarus Paradox’. In essence this is seen as analogous to organisations ‘flying too near the sun’ in their area of capability and that typically, they fail to see or adapt more appropriate strategic paradigms as they engage in changing circumstances.

Model Development

The role, therefore, of individuals and groups seems central to organisational development and growth. Indeed, a failure to account properly for the role of people in an organisation may help explain the mis-specification of many organic models and the general inability that we have in understanding the development and growth of the organisation.

In this section, we shall consider an original approach to understanding enterprise development. We shall see that central to the better understanding of such development, are three roles within any emerging or existing organisations: the envisioner; the enabler; and the enactor. For an
organisation to grow in this metamorphic way it is not only the case that all
three roles must be fulfilled but also that these individuals are appropriately
aligned. Without this alignment it is likely that the organisation will grow
hierarchically. If so, the organisational progression may be arrested at any of
the four growth stages that are suggested: ‘egg’, ‘caterpillar’, ‘chrysalis’ and
‘butterfly’. (Figure 1)

Paradigm shift

Handy (1994) describes one of the paradoxes of our times. If you continue on
the course you have set to where you think you should be going you will miss
the turn off to the future. The diagram termed “second curve thinking” (Figure
3), Handy (1994), shows the need to change at point ‘a’ when resources and
future expectation is positive rather than at ‘b’ when confidence and
resources are in decline. The capability of a product or business cycle is
represented by an ‘S’ shaped curve; it typically starts slowly, takes off rapidly,
wanes and dies.

Handy suggests that it is difficult to know when to change. It is important to
have the confidence to move into a new paradigm and the political stability to
maintain a course on the change continuum. Entering a new growth trajectory
involves new people joining who will have skills and attributes that are more
relevant to “second curve thinking”. The firm can enjoy the vitality once
aligned in the new paradigm at ‘c’.
This series of metamorphic stage transitions are a feature of the Egg to Butterfly model.

This next section reviews the roles played by these individuals or groups of individuals: **Envisioner**, **Enabler** and **Enactor**.

**The three leadership roles**

The **Envisioner** tends towards expansive thinking, invention and innovation. In many respects, these individuals are akin to the entrepreneurs at the heart of Schumpeter’s (1934) creative destruction.

**Enablers** may be thought of as good organisers and interpreters of the vision. As the name suggests they are good at making things happen and able to process ideas.
The third, the **Enactors** are interested in the practical aspects of carrying out the task of implementation. These leadership roles will be referred to as the **3Es**. It is however, not sufficient that these three roles are merely present in the organisation. For an organisation to be successful there must be an **alignment** of these three roles, around a central vision ‘I’ (Figure 4). It is possible that an organisation will grow if there is misalignment or even in the absence of these core attributes, but it is likely to follow a more hierarchical and bureaucratic form. Even in instances where creativity is valued and treasured, without correct alignment of the **3Es**, the organisation will flounder and decay.

### 1. Leisure Equipment case study. (Convergence)

A company in the North West of England started with three leaders. The directors were friends but found it difficult to communicate. Each one had a unique personality that was the potential for disunity as well as entrepreneurial alignment around a shared vision.

The company supplied high quality equipment to the leisure industry. The directors agreed on quality and customer service. One director always had ‘mould breaking’ ideas and enthused about the big picture. A second director, the Enabler, would offer information to the Envisioner, but what he really wanted was someone to enthuse with. There was little comfort to be had from speaking to the third founder, the Enacter, who would offer practical points related to the implementation of the idea. Great tension could have built up between the team. The first was interested in principles, the second in the process and the third only in the practical outcome. Through the intervention of an advisor, the team began to realise that each was particularly gifted in one vital aspect of the enterprise process.

The founders recognised their defensive behaviours were getting in the way. It was observed that when the Envisioner felt rejected he would become hugely impractical verging on fantasy. The enabler would become quite controlling and the enactor sought refuge in denial. These were defensive behaviours rather like their ‘raincoats’ (Handy 1994). Once aware of the need for respect of each other’s unique talents and attributes the team became less defensive, sharing and transparent. This releasing and team convergence was seen as pivotal to the success of this company that has now, enjoyed significant growth.

This case illustrates that the relational and motivational alignment of talents (**3Es**) will be based on release and trust not control.
If an organisation recognises and releases all three roles, and can appropriately coalesce itself around a shared vision, the consequences on organisational development and growth may be profound. The model shown in Figure 4 will be broken down and explored in more detail.

![Figure 4. Metamorphosis of Enterprise](image)

Its first stage is the Egg, shown in Figure 5. Here we assume the firm has decided on its growth trajectory. It is planted in position with a start up team and has sufficient resources to sustain it through “pre-emergence”.
Fig 5. Egg - Inception and convergence

The outer triangle in Figure 5 represents the egg casing or boundary of the enterprise in which the founders have chosen to operate. The egg stage is, at least initially, unattractive to predators and to an extent therefore, the firm is protected from competitors. Confidence must be maintained in order to fulfil this initial phase rather than being tempted to move out of position into new product development or market segments developments.

3. The Baygen case study – Self wind radio (inception and convergence)

Trevor Baylis was inspired by a television programme about the lack of batteries for radios in poor areas of the world, particularly Africa. He built a prototype radio, which worked and tried to convince companies to develop his idea. Fortunately Christopher Staines saw the invention on the BBC TV programme Tomorrow’s World.

Trevor Baylis, (the Envisioner) released the concept of the wind-up radio to Enablers accountant Christopher Staines and his partner in South Africa Rory Stear. They formed a development team, which included Dr Duncan A.Grant of Bristol University.

Finally a connection was made with Hylton Appelbaum of Liberty life who linked the project to Dr William Rowlands who set up a manufacturing facility in South Africa. Thus the finishing or Enacting phase completed the alignment of the 3Es. Inception and convergence of the 3Es took place and a successful business has been set up which has united the core team around a shared vision and creativity released through this vital formative stage. This represents a strong foundation for enterprise based on trust, role recognition, and the release of talent rather than simply the control of resources.

This case illustrates that the spaces occupied by the 3Es or talents may not be limited to occupation by one person.
The **Envisioner**, the **Enabler** and **Enactor** leadership roles align around the shared vision and release the opportunity on to each other, termed ‘baton passing’. The arrows in Figure 5 represent the movement and direction of the idea through the 3Es and, as it is released, it is progressed toward commercialisation. Thus they encode the organisation with the ability to move an idea through to implementation.

The resources appropriate to the development of the egg stage inevitably become depleted and it is necessary to break out of the relative protection of the now maturing niche to forage for new opportunities.

The firm emerges from its market segment and forages for resources and will typically adopt a market penetration strategy. The process resembles the emergence from an egg to metamorphose to a new state called the caterpillar stage. The firm is more vulnerable when it is both hungry for resources and becoming more attractive to predators. At this stage the business is of more interest to bigger firms who may be seeking to expand through market penetration or acquisition. Some owners, wanting to capitalise on their early success, could choose to adopt a deliberate exit strategy and seek to be taken over at this stage. This is a serial entrepreneurial strategy and the highest sale price depends on the firms’ attractiveness as take-over target.
Let us however, now assume that the firm is not taken over, instead it decides to expand and prepares to involve three more leadership roles. The **Emergence or ‘Bud Burst’** phase presented in Figure 6 shows the original founders being stretched as they enlarge the scope of their original positions.

**Team enlargement** is represented in Figure 7. A person to develop sales who will help expand the market potential is identified. Another key addition to the team will be a resource investigator who may typically attract longer term funding and establish a stronger resource base for the business. The final role needed at this stage is an overseer or non-executive chairman who needs to join the founding team and bring longer range planning skills and broaden the experience base. These positions are represented by the additional triangles in Figure 7. This decision to develop the team and expand
the resource base needs to be a conscious decision and the new paradigm sets the organisation on a growth trajectory for the purpose of gathering enough internal resource for its future potential to be realised. This would give them the opportunity to develop new ideas and growth opportunities in the subsequent chrysalis stage.

The dimensions of the original founding leadership are maintained and enhanced by the sales function pairing with the envisioner. The resource gathering called provider enhances the enabling aspect and the non-executive called the developer, the enacting role. The firm has expanded rapidly and has significant potential in terms of stored resources.

Fig. 7 Team Enlargement

The decision is taken by the now enlarged leadership to develop products called in the model, the ‘chrysalis phase’.
2. The Publishing case study (emergence to enlarging)

An international publishing group had a division in the Far East, which had operated profitably but modestly for a number of years. A new Managing Director was sent from headquarters to ‘maximise the opportunity’ and saw new products as the necessary growth path. Without any knowledge of the EtB model, he enlarged the team and incorporated aspects recognisable in the caterpillar or second phase.

The enterprise emerged from its market segment, foraged for resources adopting a market penetration strategy in a similar way to the way instinctively caterpillars emerge and ‘immediately start to ‘look’ for a meal. The business saw unprecedented growth, recruited a sales specialist as well as a General Manager to try and keep everything on track through the turbulence that rapid growth brings. Although revenue and profits were growing, the pressure to deliver returns on the investment meant that even further market penetration was required and the organisation began to feel the pressure. The caterpillar’s skin cannot stretch so as it grows larger it has to moult or shed its skin. Corporate changes saw the MD return to headquarters and the General Manager promoted to the MD position. He instinctively discerned that facets of the enterprise were weak and encouraged appropriately experienced people to develop in the gaps. Then as he put it ‘let them get on with it’ The pressure from headquarters was absorbed by the managing director as he sought to give the organisation time to align with the ‘natural’ sequence.

Every egg and every caterpillar want to be a butterfly, but for the time being they are a growing caterpillar. The MD released internal, cross-disciplinary teams to develop new products according to their interests backed up by market research) and sought to consolidate the firm’s growth by fully utilising existing resources. In terms of the model he wanted to enter the chrysalis phase, but at the right time.

Meanwhile the parent company required cost-savings and cutbacks as the immediate answer (a quick way to ‘right-sizing’. Although some new product development success came out of the playroom, and newly launched products remained in the portfolio some years later, the pressure at the time to deliver a higher return on resources invested to the parent company won the day, and the MD was required to resign. It is not intended to criticise this decision as the resources may well have been better placed elsewhere within the group. From the perspective of our MD and his motivated team, a real opportunity for steadier more secure organic growth was missed, in favour of autocratically imposed/forced growth.’

Subsequently this same MD has learned of the EtB model, recognises the phases through which he had moved with the company and the frustrations experienced.

In summary, if a new phase transition is missed (or forced) because corporate strategies are not aligned, hidden costs arise from the justifiable anger in local teams.

Furthermore gaps in trust will only grow wider if HQ refuse to understand the need to align with the ‘natural’ stages in their hitherto autonomous constituent business division(s).
Chrysalis – (consolidation and product development stages) the organisation retrenches and deliberately settles for a time of reformation. This is a time when pressure for harvest by stakeholders may be most extreme. New product development and an inward investment policy to use stored resources may be adopted and the business becomes ‘chrysalis’ like in order to prepare to become a ‘butterfly’. The waiting and utilisation of resources is important and premature emergence or even extraction of resources needs to be avoided. Typically, new people join the organisation and are responsible collectively for product development and testing. These 6 subsequent phases are called, Concept testing (Figure 8), Qualitative screening (Figure 9), Viability (Figure 10), Product testing (Figure 11), Test marketing (Figure 12) and ultimately Full launch (Figure 13). Christopher et al (1980).

Concept testing: This is the first stage of product development or Chrysalis phase and is really the playroom for new ideas and modifications to be discussed and brainstormed. So often envisioning may be seen as a less appropriate attribute following take off and growth. By setting up this environment for developing ideas, it is hoped that creativity will be retained within the organisation through growth.
Idea development is the least resource intensive of the six, product development testing stages. The organisation will encourage concept development in the new ‘play room’ effectively the seed bed for new product development. The new skills are recruited to effect the concept testing.

Firstly someone is needed to manage the new concept team, a concept Verifier. Someone who can establish clear boundaries, lead and provide discipline for the team, particularly in the area of defining the concept’s scope. A researcher or information gatherer should also be introduced to assess the broad market appeal of the concept. This group member is called the Encourager and is engaged in gathering research information and establishing the credibility of new ideas.

The concept may be passed on after screening, for further development. The enterprise decides to commit further resources as the concept is released to
the enabling members of the original core team. These original founding group members will be aligned to facilitate these interim new product screening, phases.

The new idea may be rejected and not taken forward to subsequent product development phases. The enterprise benefits from these ideas being properly validated as they pass through the subsequent ‘screening rooms’ and further resources are only committed to viable development projects that continue to emerge from the Envisioning part of the organisation.

**Qualitative screening;** Products may be released to the qualitative screening phase, the enabling position of the original core business group. This phase of product development seeks to more accurately qualify the new product or service offering. For example, colour, taste profile, size and speed required by potential customers would be more clearly defined.

A Commissioner joins the product development process and brings the facets of the development together. They are good organisers and are recruited to the team to help assesses whether the concept is compatible with existing organisational alignment and resources.
The qualitative screen will have agreed criteria to assess whether the idea is worth sending to the next phase.

**Viability Testing:** The project is still in touch with the Commissioner and Enabler and resource gatherer if successfully released to the next phase.
An instructor is recruited who is happiest when focussed on a specific project that can be managed and passed on to product testing. This team works out the viability and logistics of the project. The economic analysis will include sensitivity testing under different scenarios. Resource expenditure is increasing with each successive increment of the product through the Chrysalis stage.

**Product testing:** A representative sample of the target market is given the product or service to experience. This is a resource intensive phase of product development and will reveal whether modification is needed and benefits to customer confirmed. The new team member who will join the enactor is a detail or finishing/task driven individual who will be involved in bringing the project through any re-modification that has been deemed necessary. Of course the product could well be rejected at this stage and not progress to test marketing.

![Fig. 11 Product Testing](image)
The new product is developed and tested on a sample of potential customers. It is either rejected or following modification, passed to:

**Test marketing:** A representative sample of the market is identified and the product re-tested and observed. A non-executive person is now appointed as an overseer or chairperson. This is the most resource intensive phase of product development. Any idea that makes it this far has a good chance of being a commercial success. In addition the enterprise has maintained a balanced team through growth and a greater depth and the potential of the 3Es approach can now be appreciated.

![Fig.12 Test Market](image)

If the Test market is successful then the new product moves to full launch. The *chrysalis* phase is complete when the 12 team attributes are in position and are engaged together both in the core activity and the 6 new product...
development stages. The firm now has the ability to regenerate and metamorphose to *butterfly* phase and has reached its full capability.

**Fig. 13 Full Launch**

**Butterfly** – (release to fragmentation). This is a time of release and full potential of creativity realised – release from the *chrysalis* to *butterfly* achieved. The firm has now developed and may choose to launch a the new product. It enjoys the potential of further developments emerging from the now established, product development and testing process. The core business may have reached full maturity and be gradually phased out. Subsequent product developments would be available to facilitate further expansion and the possibility exists to develop spin off companies. The metaphor of the butterfly is powerful, being now relatively short lived and whose objective is to establish a new generation seems apposite.
Growth models, (e.g. Greiner, Scott and Bruce, Churchill and Lewis) partially reflect this transitional development, without defining the stages in this way. I anticipate being able to demonstrate for each theoretical stage level, a description to help inform management and assist in the decision making process. The stages of development are different and management must understand the unique characteristics of each phase and adapt their management approach accordingly. (Fig. 14)

There is a temptation to emerge prematurely from each transition stage. The premature realisation of the chrysalis stage often results in the failure of the firm.
4. The Butterwick Hospice case study (inception to fragmentation)

Martin Johnson has studied the development of the Butterwick Hospice located in Stockton–on-Tees in the North East of England. It is an institution, a charity, a voluntary organisation and a Limited Company. The organisation has undergone rapid and substantial change. In terms of performance it has seen its income rise from £200,000 in 1989 to £2m in 1999/2000.

Since 1995 it has seen spectacular growth in income, rising from £400,000 to £2m in 4 years. Year on year the financial growth has been 39% putting it firmly within the Ten Percenters growth rate in the Storey (1996) fast growth study.

Mary Butterwick’s husband John died of cancer in 1979. Mary became involved helping others in a similar situation by giving them advice and encouragement. She set up a division of CRUSE (a leading organisation in providing support for cancer patients and their families). As an Envisioner she is an ideas person with lots of energy. Feeling moved to do more she decided to set up a cancer help and advice centre and sought resources and support. She came alongside a successful local businessman, Albert Dickens who is an Enactor.

Things developed slowly until in 1994 David Luke joined the team. David is a people oriented leader who is a good motivator, in other words an Enabler. The organisation now had the 3 leadership types in place and each shared the common purpose or vision for the work. Spectacular growth resulted and the group attracted a resource gatherer in 1994 and the core team enlarged to correspond to the caterpillar phase of the model.

The chrysalis phase took place between 1993/4 and 1997 when 6 projects were developed. These included a home-care service, hospice day care, in-patient care, children’s hospice, South Durham Hospice and education centre. The organisation did not appear to change much externally but inside plans were being made as new product development and transfer between Concept Testing, Qualitative Screen, Viability Testing, Product Test and Test Market were taking place.

Now these new operating units have developed and fragmentation out from the core business has occurred. Albert Dickens the Enactor and David Luke the Enabler have moved on and plans are to transfer Butterwick expertise to enable others to develop in other geographic regions.

Links are even being made with Kenya and beyond as other organisations are seeking advice and support. Butterwick has an inherited “DNA” which is being passed on from the core vision and founder team. New directors and managers are being appointed to take Butterwick beyond the butterfly phase.
Conclusions

If organic models are to be of value, then there is a continuing need to specify better organisational emergence, development and growth. Previous attempts to do so, this paper has suggested, have largely foundered because of a too narrow focus on maximisation thesis.

This paper has argued instead that individuals within the organisation are of critical importance. Indeed we have seen that central to the process of growth is the correct alignment of the Envisioner, Enabler and Enactor or 3Es. The paper has also shown both theoretically and empirically the roles that these and other individuals play as they move through each of the four stages from egg to butterfly.

There however remains much work to be done in developing the model. For instance, further empirical research is required to improve our understanding of the behaviour of the model in a variety of settings. If the model has any promise though, it is hoped that it will help uncover the organisational structure or ‘DNA’ of successful firms.

Organisations may have a personality that reflects the leadership of the organisation. Through further research it may be possible to identify the organisational DNA in relation to enterprise potential. We intend to investigate the significance and gather evidence of this dramatic metamorphic approach and its impact on growth and survival of enterprise.
Referring to Marshall (1920) we may choose to take the analogy further and consider that organisations choose to grow in a metamorphic way. An organisation may develop for the purpose of collecting acorns (resources) to feed on for a while and then die. Alternatively it can choose to develop to be an acorn producer, an oak tree. They have a long life and eventually die but leave a legacy of many new enterprises encoded with the parent DNA. So enterprises which choose to metaphorically ‘die’ to metamorphose to the next level of development may emerge to be both socially significant and economically successful. The multiple capability is released, each with the potential to grow and a replication even multiplier effect is created.

We intend to identify small and medium sized firms who are at the point of a possible paradigm shift, have or are in danger of missing the turn-off, in Handy’s (1994) terms, before they get to ‘Davy’s bar’. Having established a sample of firms that resonate with the model we will investigate whether it is possible to recognise the circumstances that precede a potential paradigm change opportunity. This will result in the development of a diagnostic tool that will give more confidence to decision making, particularly to better identify the time to change making at a point of change, when the economic indicators may encourage enterprises to stay on the same trajectory.

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References:


