Big Pond or Small Depends on How Long You've Been Swimming

Big Pond or Small Depends on How Long You've Been Swimming

By Mortimer R. Feinberg

Manager's Journal

When it comes to mapping out a career path, managers can easily get caught up in the "big company/small company" question. Can they do better in the unpredictable environment that marks many small companies? Entrepreneurial start-ups especially are considered fertile ground for future success.

Or are a manager's chances of succeeding really more attractive within the framework of a large company? Large companies, after all, usually have track records of continuous success.

"Granted, there is no right or wrong answer. Success stories have been achieved by people at both large and small companies," acknowledges Gary Bewkes, former chairman of American Bakeries, who now is consulting for small start-up companies. Judging from the experience of those who have tried both, much will depend on where you are at a given time in your career.

For many mature managers (age 50 and above) being flexible can be difficult. since the move they're considering ostensibly involves a step downward in status. Still, there are some compelling reasons for matching older managers with young companies:

Contrary to popular.myth, start-up companies need more than ambitious young whiz kids in order to succeed over the long haul. "Fame is the thirst of youth," as Byron wrote, but it takes more than that to make a business succeed.

Mature managers can be in demand simply because they are veterans of corporate life. They have an understanding of production and distribution, for example, that can take years to acquire.

Brian Wolfson, chairman of Wembley Stadium, the entertainment complex in England, saw many small companies come and go when he headed the Young Presidents Organization. "Seasoned managers can help bring a focus and direction to operations that is often lacking at these companies," he says.

When it comes to questions of strategic growth, seasoned managers understand the wisdom of certain long-term planning decisions that might elude their younger counterparts.

Apple Computer's experience with management is a textbook illustration of this. A few years after its auspicious debut under its young-and restless-founders, the company recruited John Sculley, a veteran corporate manager at PepsiCo, to be CEO. Mr. Sculley's mandate was to overhaul the company's marketing and administration, and to run things more with an eye toward the long term. Steven Jobs, the last of Apple's visionary young founders to remain, left soon after.

Having experienced good markets as well as bad, mature managers develop an innate sense of business cycles. Critics made this observation after the October 1987 stock market decline. Young analysts and brokers were quick to panic at the downturn because they had no experience skiing downhill. They had no basis for comparison.

Older managers needn't become fulltime, permanent employees. Instead, they could serve as consultants-sounding boards to balance the enthusiasm, drive and determination of the younger entrepreneurs. This would accommodate those who had taken early retirement but still were looking for part-time but meaningful assignments.

From the perspective of the mature manager who has practiced the same skills in the same surroundings for years, start ing again at a start-up firm can be a restorative tonic. Young co-workers' enthusiasm can prove contagious.

As for young managers just starting their corporate lives, the lure of the small company is great. "Young people may, in fact, be noticed more quickly in a small, entrepreneurial setting-and given more responsibility sooner," notes Robert Pincus, president of Sovran /D.C. National. At the bank, many of Mr. Pincus's clients are in small real estate and restaurant ventures.

But young people can pay a price for this success in terms of long-term career development. They're likely to wear a number of hats but, in the process, not learn any one function in depth.

"Large established companies, on the other hand, can better teach you how businesses truly operate," notes William Schwartz, chairman of Atlanta-based Capital Cable. Mr. Schwartz, who previously headed Cox Communications, the media conglomerate, also notes that "because of large companies' size, a young person learns firsthand how various corporate departments-marketing, finance. R&D function." At small firms, many of these functions are likely to overlap, so it won't be as clear what role each one plays in the big picture.

Large companies also can afford the young manager the luxury of making mistakes, and young people frequently stumble. Rather than these mistakes being a crucial blow, as they might be at a start-up firm, they're more likely to be seen as the learning experience they are.

At small companies, there may be no time-or budget-to allow for such "luxuries" as training programs. But training programs present young people with an opportunity to expand their business and technical knowledgeâ all at the company's expense. "Invariably, the larger the com pany, the more elaborate the training infrastructure," says Kenneth Draeger, president of Agfa Compugraphic, an electronic printing equipment company in Boston.

Of course, it's hard for a young person offered an exciting job to say no, even if the long-term benefits are not ideal. Likewise, managers at a later point in their careers can look askance at the idea of leaving an established company to join a barely tested start-up, even if their present career path seems hopelessly stalled. Charting a career path, whatever your choices, can be a difficult undertaking from any perspective other than hind sight.

Mr. Feinberg is chairman of BFS Psychological Associates.

Article ID: 78
Last updated: 12 Apr, 2013
Revision: 1
Feinberg Insights -> Published Articles -> Big Pond or Small Depends on How Long You've Been Swimming
http://www.sliwainsights.com/kb/index.php?View=entry&EntryID=78