On Stages of Development

IDENTIFYING AND MEASURING A COMPANY'S STAGE OF DEVELOPMENT

By Mark Abbott, Mike Frascolla, and Tommy Mains | July 2023 | © Ninety

A Message from the CEO

Every organization runs on some kind of system. As a business grows and evolves into a company, and a company evolves into a great company, so should its operating system.

At Ninety, we understand the challenges of building, running, and scaling organizations. Our mission is to make that work easier by providing a cloud-based platform with the essential concepts, tools, and disciplines leaders need to upgrade their operating systems.

We believe we're moving into a new Age of Work — the Age of Understanding, or Work 8.0. The coming of this age was inevitable, but the pandemic accelerated its arrival by about ten years as so many organizations transitioned to remote or hybrid models.

With access to a wider array of opportunities than ever before, people don't just want to punch a time clock anymore — they want to find value and purpose in their lives through Work they love doing (which we refer to as Work with a capital W).

This guide is all about how to master a particular concept, tool, or discipline needed to build a great company in this new Age of Work. Great organizations know who they are, what they are, where they are, where they want to go, and what it's going to take to get there.

Our relentless focus is to simplify the hard work of aligning and focusing teams so organizations and their employees can thrive. We're glad you're joining us on this journey. If you have questions or want to learn more, reach out to helpful@ninety.io — we'd love to hear from you.

Gratefully,

Mark Abbott
CEO + Founder, Ninety.io

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This Ninety guide introduces the **Stages of Development**, one of our foundational frameworks for measuring a company's progress and charting its growth.

Every new organization is initially focused on survival. (Spoiler alert: that's Stage 1.) The subsequent Stages of Development are marked by certain characteristics, goals, and the degree of involvement required from the organization's founder as it matures. The aim, of course, is to become a focused business intent on transitioning to a fully thriving and market-leading company.

Identifying — and understanding — the stage an organization is in is a critical component of its healthy development. From choosing an appropriate Business Operating System (BOS) to establishing Key Performance Indicators (KPIs) that lead to attainable short- and long-term goals, the activities undertaken at each Stage will help an organization feel more confident that it is right where it needs to be, is clear on where it's going, and knows how to get from here to there.

Business leaders can use this content to better gauge their organization's current Stage, identify developmental goals, and plan a clear course for growth.

We're happy to share our road map because delivering free high-impact company-building information is part of our mission to help leaders build extraordinarily productive, humane, and resilient organizations where people are focused, aligned, and thriving.

LET'S DIVE IN.

- **Read it**

  » We've designed this guide to make it easy to quickly absorb the information. Skim for highlights, glance for big ideas, or dive in for a deeper understanding.

- **Save it**

  » Continue to use this guide as a high-value reference. Highlight, underline, or circle what's most useful. We've even left space for notes.

- **Share it**

  » The information and advice on these pages should be shared. We deeply believe that useful resources should be accessible to all.

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The Stages of Development

Based on decades of business-building, investing, and leadership coaching experience and lots and lots of data, the Stages of Development is one of Ninety's foundational frameworks for assessing a company's developmental progress.

HOW IT WORKS

Every seasoned business leader knows there's more to long-term success than revenue. Enduring companies are complex adaptive systems, and there are a number of critical factors, some obvious and others less so, that contribute to a company's ongoing well-being.

Business leaders use the Stages of Development to identify such factors, assess their business' developmental status, and more confidently build a great company. This guide is a map to help chart that course.

We'll provide an overview of the stages every business goes through on its way from formation to becoming a great company. Then, we'll explain what factors come into play at various Stages of Development of your own business. Finally, we'll help you systematically determine what Stage of Development your own business is currently in — and what will help you move forward and up.

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The Five Stages

Through decades of experience as entrepreneurs, investors, and business coaches, we've found that most small and midsize organizations move through five developmental stages on their journey from new businesses to established, great companies. We illustrate these stages with a pyramid that functions like Maslow's Hierarchy of Needs.
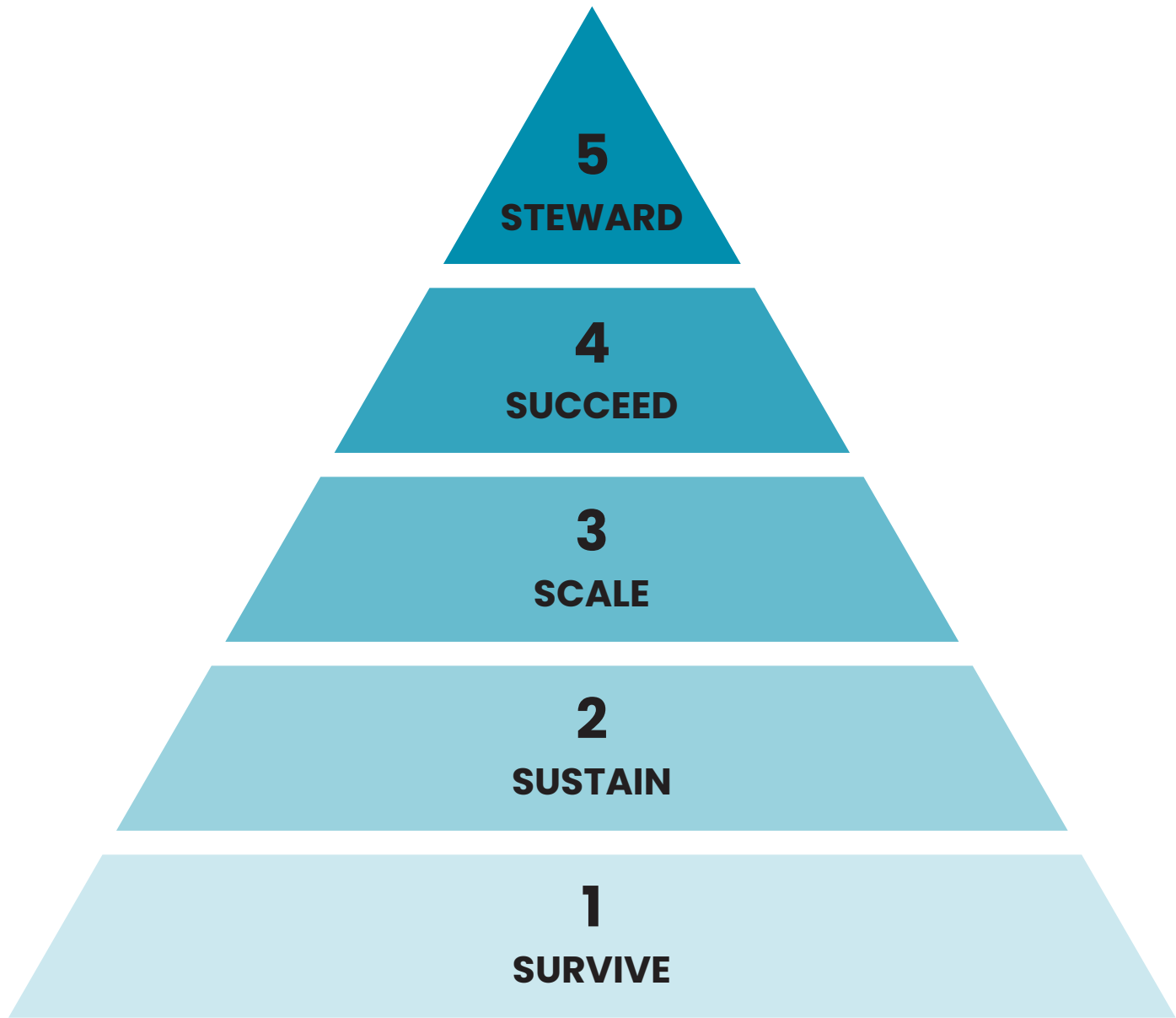
The focus at each Stage of Development represents the primary focus, stated or unstated, of the organization's Senior Leadership Team at that time. For better or worse, this focus drives its activity. As you learn about the Stages, consider which Stage best represents your business.

STAGE 5 | STEWARD

A Stage 5 organization is excellent comprehensively, from its aligned people to its processes and data integration. A successful structure is in place, and the founder is free to completely focus on where the organization needs to be in five to ten years. Such attributes allow the organization to build wisely for the future.

STAGE 4 | SUCCEED

Organized and mostly expert, a Stage 4 organization is no longer dependent on its founder. With its position secure, it's able to emphasize growth and sustainability.

STAGE 3 | SCALE

A Stage 3 organization has implemented a more intentional approach to work, and it increasingly adds expertise. The main focus is developing a clear path to long-term viability.

STAGE 2 | SUSTAIN

Having found some success and a place in the market, a Stage 2 organization prioritizes what works and reinforces its core features. It seeks to prove, stabilize, and endure.

STAGE 1 | SURVIVE

Stage 1 organizations are usually new, and in the startup environment, few things (structure, process, market fit) are established. It's all about proving product/market fit and keeping the lights on.

The more developed an early-stage business becomes, the more it can focus on higher-level functions and move toward becoming a high-stage company. The senior leaders of an early-stage business living through Survive and Sustain are focused on their most urgent needs. Only later, when they Scale and Succeed, can their focus shift to long-term goals (think one to three years out) or even bigger goals, the kind of bold but informed risks requiring sustained focus from everyone in the company. We call these goals, which typically have a 10-year timeline, Compelling and Audacious Goals (CAGs).

Let's break down a few of the key attributes and activities of organizations in these respective stages.

EARLY-STAGE BUSINESS

Every new business starts out at Stage 1, characterized by a focus on survival. **A business is any organization that conducts commercial activity**, but especially one that exists in earlier stages and is heavily dependent on its founder's involvement.

- Leadership is necessarily involved in daily functions.

- Many people wear multiple hats, and directions/ priorities aren't always clear.

- Provisional leaders abound — nearly everyone works in areas that aren't their expertise.

- Functional excellence is limited.

HIGH-STAGE COMPANY

As the business stabilizes and develops, it progresses to higher stages. **A company is a higher-stage, more developed business** that has progressed to the point where its teams and operation can function effectively without the founder.

- Leadership owns the biggest goals; functional goals belong to departments and teams.

- Individuals are responsible for core capabilities and do useful, appropriate work.

- Experts are in place, and focused functional heads emerge to turn the Vision into reality.

- Organizational strength is solid, with highly focused Core Functions (like Marketing, Sales, and Customer Success).

FOUNDER'S INVOLVEMENT

Maybe more than any other characteristic, the nature of the founder's involvement often indicates an organization's Stage. The transition in the founder's involvement — from critical to strategic — represents one of the most significant moments in an organization's developmental journey. This is when a business truly evolves into a company.

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There's no set amount of time an organization takes to move from one Stage to the next. Since an earlier-stage business is focused on survival, its goals live in the near term. As it develops, though, the Senior Leadership Team's (SLT's) ability to envision a path extends further and further into the future.

Time Span of Focus represents how far into the future the organization's senior leaders can envision and confidently turn a goal into reality. A high-stage company has an SLT that owns the horizon and teams that deftly execute on short-term (90 days), medium-term (1–3 years) and long-term (5–10 years) goals.

EARLY-STAGE: HEADS DOWN

For an early-stage business, it's often hard to look past the events of the day, month, or quarter. Seeing much further down the road is a luxury since the business is still very much in the process of establishing itself. Stepping back to dream big is enticing, but if there's uncertainty in even paying the bills, little else feels relevant.

HIGH-STAGE: THE HORIZON

A high-stage company's SLT competently and confidently sees and plans further out. Having leveled up, the organization can confidently allocate resources to initiatives that are years — even decades — into the future. That bigger picture informs present activities throughout the organization, and its leaders construct plans that effectively serve both the present and the future.

Taking the time to document the long-term Vision of your organization is a tangible step to increase your Time Span of Focus. Use our free Vision Builders Workbook to help you discover and document the Vision for your organization. In the workbook, we show you how to establish Focus Filters to simplify decision-making and build the foundation you need to progress through the Stages of Development.

Consider your organization's Time Span of Focus. How far out can your SLT see and plan?

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Time Span of Goals evaluates the types of objectives a business has, along with who in the business is responsible for them. As the company develops and layers are added, the goals become longer-term.

The best way to start improving here is to establish an infinite 90-day cycle of setting and achieving Rocks — quarterly goals typically used to build something new or fix an existing problem. Living 90 days at a time provides opportunities for setting your sights just far enough into the future for your wins to inspire your team and propel you further while keeping you agile enough to adapt and learn from any misses.

EARLY-STAGE: URGENT NEEDS

For an early-stage business, the goal is simply to make it. That means creating proof of concept, carving out a niche in the market, and doing it all over again if a quick pivot is needed. Its Senior Leadership Team, even if not properly formed, is heavily involved in daily functions, and bigger, long-term goals are left for later.

HIGH-STAGE: FUTURE GOALS

A high-stage company is stable and works with the future in mind. Its Senior Leadership Team owns the biggest goals (1–10+ years), and ownership of functional goals is transferred to departments and teams. It's possible to entertain higher objectives, too, like acquisitions, sell-offs, and new lines of business.

How far out are you seeing and planning, and what are your top three goals?

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As an organization evolves from one stage to another and its horizon extends, it adds layers. The Seats in each layer have a very specific **Time Span of Responsibility (TSR)** associated with them — how long its functional tasks take to execute.

EARLY-STAGE: TUNNEL VISION

Early-stage companies are often held back from extended planning, with leaders needing to run much of their day-to-day operations.

HIGH-STAGE: VANTAGE POINT

With team members in place to fulfill necessary functions, leaders in high-stage companies increase their TSRs and focus on the organization's long-term health.

Every Seat in a well-structured organization has a TSR. For example, team members working in Layer 2 are responsible for work that requires them to focus on time frames ranging from 90 days to one year (see graphic). Some of the roles, accountabilities, and responsibilities of Seats in this layer could have individual TSRs of one week (such as updating their team's Scorecard), but likely none exceeding 12 months.
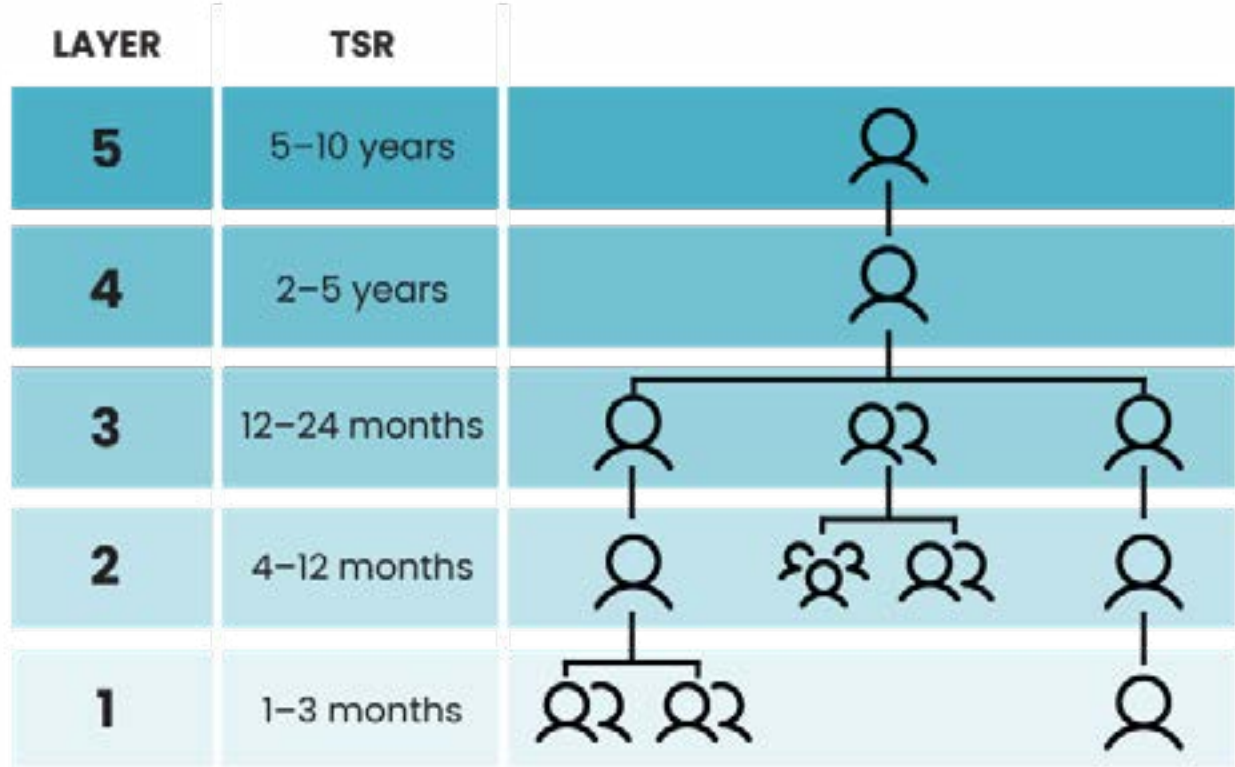
Additionally, a team member must possess the **Time Span Capacity (TSC)** to effectively execute the Seat's roles, accountabilities, and responsibilities. Time Span of Capacity refers to how long a person can perform their roles, accountabilities, and responsibilities independently or without close supervision. This concept can be traced back to Canadian psychoanalyst Elliott Jaques' work on the length of time over which an individual or organization can plan, coordinate, and execute actions effectively.

Jaques believed that each layer in any organizational hierarchy had a corresponding TSR, and that mismatches between an individual's TSC and the requirements of their Seat could lead to stress, job dissatisfaction, and poor performance.

As an organization evolves from stage to stage, its members, especially it leaders, get better and better at allocating their scarcest of resources — time. For the company to move to the next stage, the founder must delegate more of their lower-level tasks to others.

Adding layers, and putting the [Right People into the Right Seats](#), makes it possible for the founder(s) to extend their horizon from day to day, to month to month, to quarter to quarter, to year to year, and ultimately to five to 10 years out. The long-term planning that happens in higher-tier layers of the organization goes hand in hand with the necessary work of building a great company where people are focused, aligned, and thriving.

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This example of a Stage 5 organization shows the Time Span of Responsibility (TSR) of each of the organization's layers.

Core Functions reflect how comprehensively an organization excels and operates internally within its departments. Most businesses begin with some expertise (usually the founder's). A high-stage company operates with excellence in every core functional area. For example, a product-led growth company may not have a Sales department.

EARLY-STAGE: INCONSISTENT

To the extent an early-stage business excels, it usually does so only in the founder's area(s) of expertise. In other necessary functions, the organization aims for minimal competence to survive. The business learns and seeks to improve its capabilities along the way, but its functional excellence remains imbalanced.

HIGH-STAGE: CONSISTENT

A high-stage company doesn't have holes. Instead, as it grows, it diversifies its talent and refines processes to the point where its CCEs are highly focused and collectively span every core functional area. Once it excels so thoroughly, the company's original expertise may seem par for the course — just one more organizational strength.

To self-assess, consider which functions are critical and then where your organization excels without its founder.

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Organizatoinal Structure

As with a building, structure frames a business and keeps it intact. It also determines how much that business can confidently take on and accomplish. A high-stage company is structured thoughtfully and intentionally. As it scales, its Core Functions become more and more focused, such as Sales/Marketing splitting into two departments. In addition, each layer has a very specific Time Span of Responsibility (TSR).

We use an ever-evolving Org Chart to visualize, document, and share our organizational structure. This tool comes to life with Ninety's software by always being accessible to all members of the organization. Here are four guiding principles we apply to our Org Chart:

1. Every Seat has five to seven explicitly stated roles, accountabilities, and responsibilities.

2. Subject matter experts should occupy every Seat.

3. Everyone sitting in a Seat should be competent, committed, and capable of executing the Seat's roles, accountabilities, and responsibilities.

4. People want to be coached, not micromanaged.

EARLY-STAGE: CHAOS

An early-stage business almost always has some definition, but its structure isn't intentional. Many people wear multiple hats, and it's not unusual for people to be led by more than one person. As a result, directions and priorities aren't always clear, and people do work that doesn't always suit their competencies, skills, and/or experience.

HIGH-STAGE: CLARITY

A high-stage company has a clearly defined structure. It emphasizes expertise, with Core Functions such as Marketing and Finance represented. High-stage companies are capable of living by the guiding principle of "structure first, people second." Seats are responsible for all the company's core capabilities, with roles, accountabilities, and responsibilities defined by what is done and the types of competencies needed, not by titles. Team members are placed in Seats where they can be leveraged effectively while doing useful, appropriate work.

Layers of Complexity

In early-stage businesses, an Org Chart outlining who's responsible for what and who sits in what Seat either doesn't exist or evolves haphazardly. Charts are often built around the available people, not the competencies a business needs. As the organization moves through the Stages of Development, structure becomes deliberate rather than accidental. This increases accountability, ensures competency, reduces complexity, and enacts a smart and scalable structure that ensures thoughtful cross-company layers of expertise.

Does your organization have highly focused and competent Core Functions and deliberate layers? Consider whether the structure you've built will serve as your business develops.

HIGH-STAGE HIRING

Step 1. Identify core capability needs and create Seats for each function with clearly defined layers, roles, accountabilities, and responsibilities, TSRs, and required skills and experience.

Step 2. Fill the Seats with domain experts possessing appropriate Time Span Capacities.

Step 3. Give them specific authority and agree on what success looks like (KPIs, Rocks, skill development).

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The Role of Leaders

The RARs of each senior leader's Seat define what the organization does well and how dependent the business is on its founder(s). A high-stage company is structured around Core Functions led by functional experts and is founder-independent.

EARLY-STAGE: PROVISIONAL LEADERS

An early-stage business is typically founder-dependent, mainly because they started the business in the first place, and there aren't that many people in the mix. In such a lean environment, nearly everyone leads and works in areas that are not their expertise. To keep the ship afloat — and sailing somewhere — the founder must be highly involved.

HIGH-STAGE: SPECIALIZED LEADERS

A high-stage company increasingly employs dedicated functional or domain experts, allowing the organization's leaders to focus on the longer-term Vision. As the company grows, more focused functional heads emerge and operate toward turning the Vision into reality. As a result, the founder is able to focus on the bigger picture and the long-term needs of the company.

Consider how your organization's leaders spend their time. Are they specialized experts?

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As a business develops from an unproven start-up to a mature company, **financial status** reflects its overall options. Early-stage businesses have few options, while high-stage companies may have no ceiling.

It's critical to start capturing financial data as early as possible. With some simple financial modeling and Key Performance Indicators (KPIs), you can build out company, team, and individual Scorecards. After all, if you're not keeping score, then it's just practice.

EARLY-STAGE: LOW CEILING

An early-stage business is typically still working to establish its product and place in the market. Its expenses, revenue, and value proposition remain unproven and murky. As such, it rarely represents a reasonable investment. The business has few options other than to find its footing and try to cement its status.

HIGH-STAGE: NO CEILING

Characterized by consistent growth and market leadership, a high-stage company represents a sound, risk-adjusted return on capital. It can raise debt or equity capital, be sold, or go public — all options are on the table. Perhaps even more satisfying, the company often sets the standard for others in its industry.

Consider your organization's financial status. Where's the ceiling?

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Identify Your Organization's Stage

Now that we've covered the basics, it's a great time to assess your organization. Knowing your Stage provides a useful reference point for efforts to scale and grow. This short self-assessment will help you gain a rough understanding of your organization's current Stage of Development.

STEP 1: SELF-ASSESS

Review the matrix, circling the expressions that best reflect your organization's reality in a given Stage characteristic. As you work through the matrix, think back to your reflections or self-assessments from earlier pages.
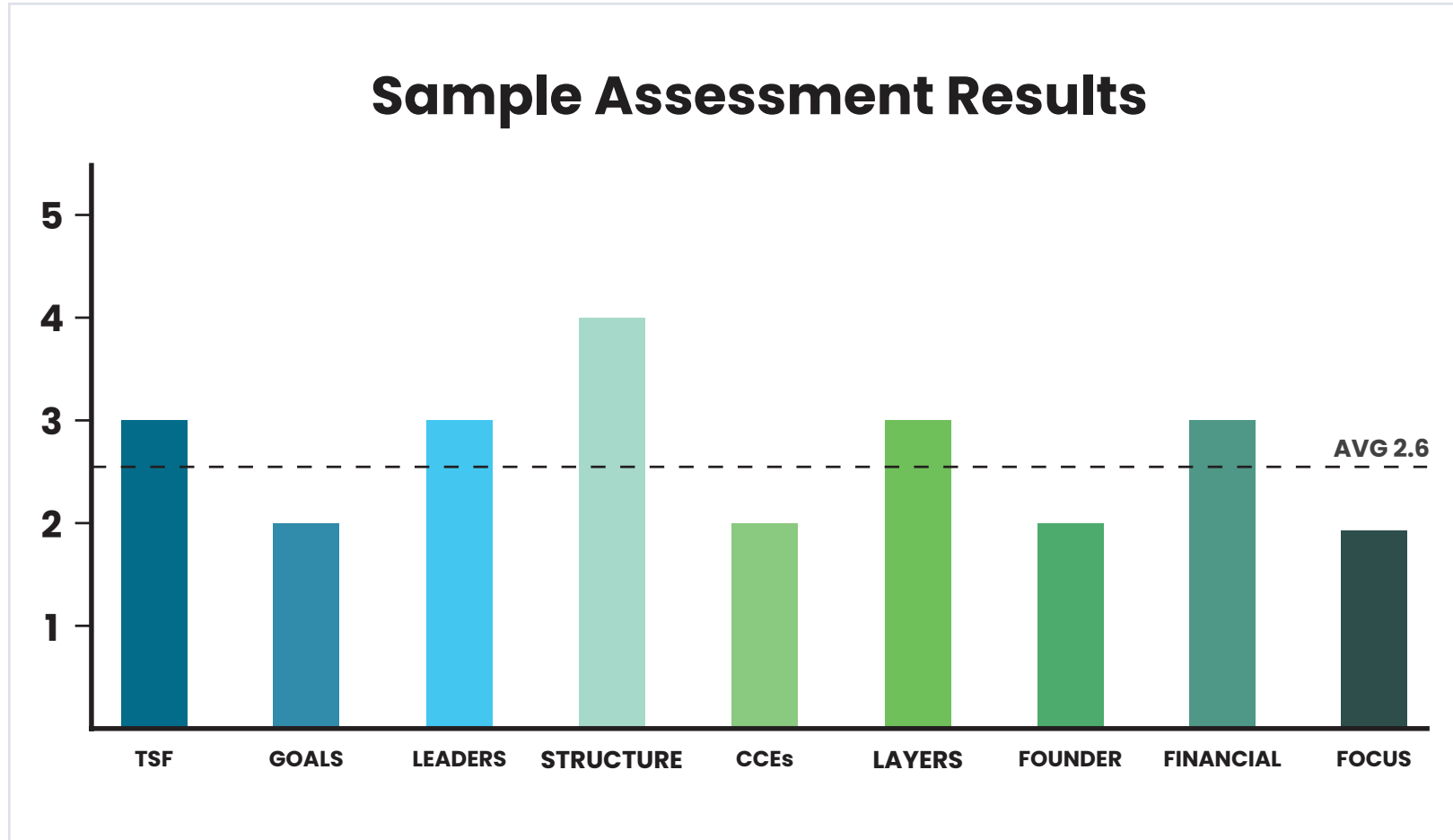
STAGE CHARACTERISTIC	STAGE 1	STAGE 2	STAGE 3	STAGE 4	STAGE 5
Time Span of Founder's Focus	< 3 Months	3–12 Months	1–2 Years	2–5 Years	5–10 Years
Time Span of Goals	Prove Market and Product Fit	Improvised; Goals May Pivot	Organization Has 90-Day Goals	Previous + 1-Year and 3-Year Goals	Previous + 10-Year Goals
Role of Leaders	1–3 Leaders; Most Wear Multiple Hats	< 4 Leaders; Some Wear Multiple Hats	3–5 Leaders; Few Wear Multiple Hats	Specialists Replacing Most Generalists	Full-Time Leaders of Core Centers of Excellence
Organizational Structure	None or Fluid	Being Defined	Seats Defined by Function	Previous + Seats Layered	Previous + Seats Fully Leveraged
Core Functions	Few to None	Mainly Founder's Area of Expertise	Customer-Facing and Operations	Previous + Sales, Marketing, Finance	Previous + Talent, Product, Data
Layers of Complexity	1–2 Layers	3 Layers	4 Layers	4–5 Layers	5 Layers
Founder Dependency	Founder Critical	Founder Critical	Founder Dependent	Founder Involved	Founder Independent
Financial Status	New or in Flux; Not a Reasonable Investment Risk	Established; Not Yet a Reasonable Investment Risk	Value Proposition Becoming Clear; Investment Risky	Reasonable Risk + Capable of Raising Debt and Equity	Previous + Capable of Being Sold
Founder's Focus	Survive	Sustain	Scale	Suceed	Steward

STEP 2: TALLY YOUR RESULTS

If all your circled details fall into the same Stage column on the matrix, that's your Stage. If you have a more mixed response spanning multiple columns, use the formula below to estimate your Stage.

1. Total the number of characteristics you circled for each Stage. Put that in Column A.

2. Multiply each number in Column A by its respective Stage number. Put that in Column B.

3. Add up all the numbers in Column B. Record the sum.

4. Divide the sum by 9 (round up or down as needed). That's your estimated Stage!

Now you have your organization's Stage and developmental starting point.

Sample Assessment Results

AVG 2.6

TSF · GOALS · LEADERS · STRUCTURE · CCEs · LAYERS · FOUNDER · FINANCIAL · FOCUS

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|	COLUMN A		COLUMN B
Stage 1		x 1 =	
Stage 2		x 2 =	
Stage 3		x 3 =	
Stage 4		x 4 =	
Stage 5		x 5 =	
COLUMN B SUM =			
		/ 9 =	
ESTIMATED STAGE			

The 9 Core Competencies

Now that you have a sense of your business's Stage of Development, there's potentially a lot to tackle. How do you go about moving to the next Stage with the aim of developing into a high-stage company?

First, we recommend you ask your colleagues to take the Stages of Development Assessment and bring the results to your next Weekly Team Meeting. Next, if you're collectively interested in taking your organization to the next level, take our Baseline Assessment, which represents our practical, focused method for developing a business comprehensively.

Put another way, if Stages is a developmental map, the 9 Core Competencies are a compass. They offer the necessary orientation, direction, and key steps for great company building.

Ready to learn more? Check out our On 9 Core Competencies Guide or Brief.
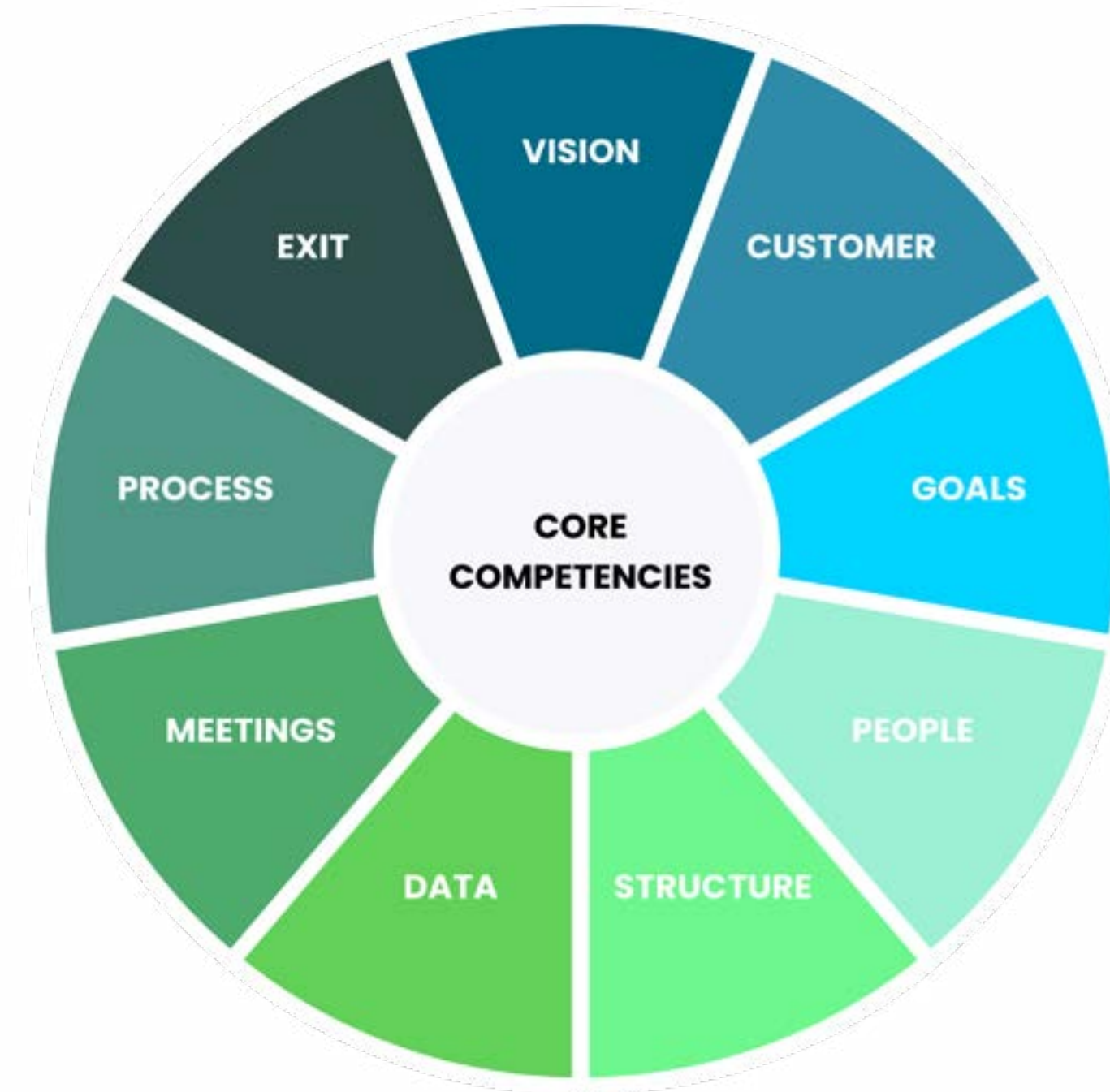
Takeaway

Most small and midsize organizations move through five developmental Stages on their journey from new business to established, great company. Once a business has endured the survival Stage, it's able to gradually refine its focus. Day-to-day operations are eventually handed to teams for execution, while leaders focus on longer-term goals. The transformational shift really happens when the founder is no longer actively involved and can step away.

WHAT'S NEXT?

Thank you for taking the time to explore this guide. Now that you have a sense of how these concepts and their related tools advance a company's Vision, you may be eager to implement them in your own organization. We're here to help! Find more company-building information in the 90u Library.

Try Ninety today

Key Terms

- **9 Core Competencies** — The fundamental aspects of business that an organization must master as it seeks to grow and develop: Vision, Goals, Customer, People, Structure, Data, Meetings, Process, and Exit.

- **Business** — Any organization that conducts commercial activity, but especially one that exists in earlier Stages and is heavily dependent on its founder's involvement.

- **Core Functions** — The functional areas in which a business must excel, such as Marketing, Customer Success, or Sales.

- **Company** - A higher-stage, more developed business that has progressed to the point where its teams and operation can function effectively without its founder's regular involvement.

- **Stages of Development** — The five stages through which an organization progresses on its journey from new business to integrated, great company. Each Stage reflects an increasing level of mastery across the 9 Core Competencies.

- **Time Span of Capacity (TSC)** — How long a person can perform their roles, accountabilities, and responsibilities independently or without close supervision.

- **Time Span of Focus (TSF)** — How far into the future a business confidently envisions and plans with the realistic possibility of turning vision into reality.

- **Time Span of Responsibility (TSR)** — How long the functional tasks of a given Seat take to execute.

Explore our 90u Glossary