

The Scale Up Mindset

Sample chapter Introduction

Niels Hardam, 2025

CONNECTIVE LEADERSHIP

Scaling up your business is a complex process, in which people and departments work together to synchronize and extend routines and processes. People have to work well together, only then can they deliver quality output. A process in itself is not valuable – just as good talent with the right skills but without a process are less valuable. It's all about the combination.

In recent management literature, scalability is taken to be a higher-order skill for a company; it is also referred to as a 'dynamic skill.' This means that if you master the skill of scaling up as a company, this can lead to a strategic competitive advantage in the future.

Leadership plays an essential role in this. You have to have an eye for 'people' and 'processes.' The big challenge for many entrepreneurs is that they are either focused on human relationships or on structure and strategies. But if your company quickly grows from six to fifty employees, sometimes in a couple of months, you run the risk of losing the balance between the two. Scaling up does lead to an increase in both, more processes and more people in your company. Attention to one leads almost inescapably to negligence of the other.

I consider it a crucial skill for a scale-up leader to keep the focus on both the human and the structural side of the growing company. I call that 'connective leadership.' A connective leader leads his or her people in such a way that everyone in the company remains optimally connected with the company's mission and with each other as a team. A connective leader designs new processes with his teams, and eliminates unnecessary ones. He or she unites and excites old and new employees through shared values and a shared focus on results and how to achieve them.

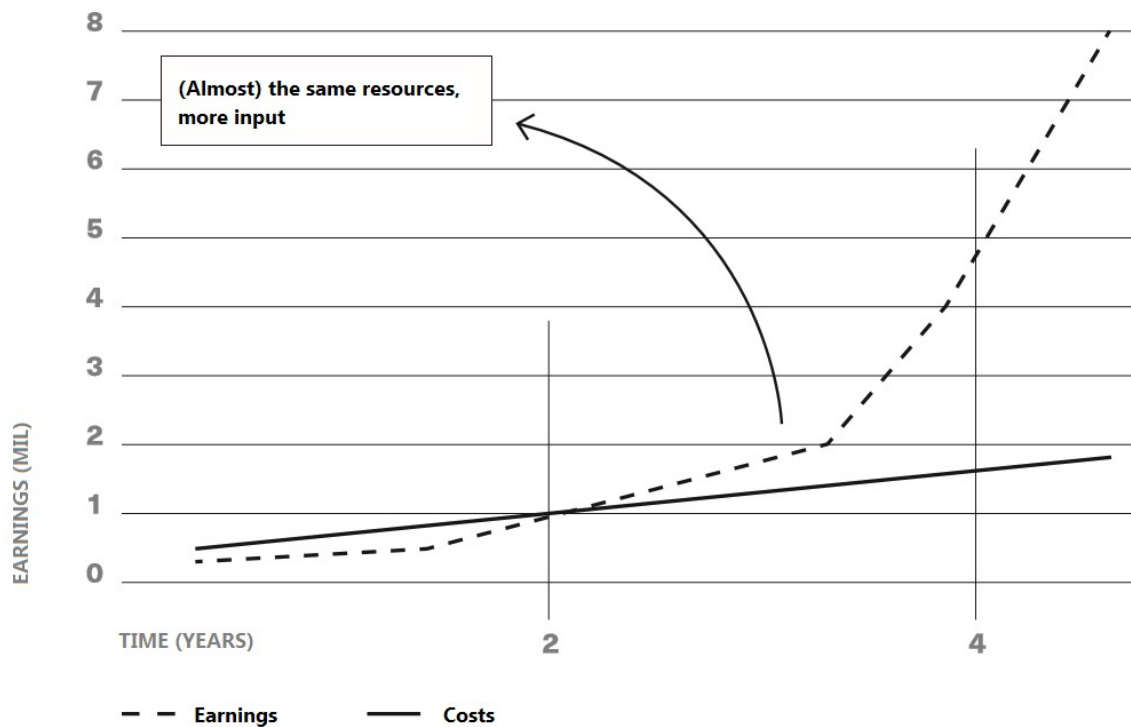
So, scaling up is a higher-order skill that can lead to a strategic competitive advantage. While in the thick of it, you probably experience it as a complex and chaotic process; it is tempting to run after every opportunity or challenge. But once you pay continued attention to the balance between people and process, you'll work towards sustainable growth. You will increase your organizational strength; you'll scale up successfully.

INCREASE YOUR SCALABILITY

Before delving deeper into what connective leadership means in practice, I want to spend a few words on what exactly scalability means.

To start, a common mistake among entrepreneurs (and some experts as well) is to not distinguish between 'growth' and 'scalability.' The terms are frequently used interchangeably, which can lead to miscommunication. To avoid this, I will explain the meaning of scalability throughout my book.

The most important hard fact you can apply with regard to scalability is your profit margin. If you are able to generate more sales with (almost) the same resources, then you are increasing your margin. The next figure illustrates this.



You can see that the cost increase (solid line) is much slower than the revenue increase (dotted line) between Years 2 and 4. In this example, from the second year on, with a steady cost increase, more revenue is suddenly generated. You're 'in the black,' as they say. Your revenues increase disproportionately to your costs – in other words, your company is scaling up.

In the first two years, this company was growing. The costs rose in proportion to the turnover. Even though the company made a loss, it did grow at this stage. Just after the second year, the company reached a tipping point: suddenly it became profitable. What happened at the end of Year 2, and again at the end of Year 3, that made its margins suddenly improve? It may have been that a large customer came on, but it could also have been an efficiency increase in software use.

If you are in your Year 2 or 3, you will ask yourself these questions:

- What actions can we take to work more efficiently?
- How can we increase our output?
- Which elements are under our control?

Perhaps you are now thinking of:

- Deployment of smart technology, such as AI or an ERP system.
- Attract more or better qualified people with higher productivity.
- Set up smarter processes so that departments work better together.

You may also have considered:

- What are the reporting lines?
- What KPIs should we achieve?
- Are there inefficiencies to address?

As an entrepreneur, you are probably focusing on these matters daily. And how could you not; these are the elements you feel you have control over to influence the growth and scalability of your business.

But have you considered these elements?

- Do my people enjoy working here?
- How do they feel?
- How do they work together?
- Do we take good care of our employees, do they want to stay?

CONNECTING THE HARD AND SOFT FACTORS

With a focus on processes and data, the end results tend to be clear; the goals are measurable and clearly written down. But sometimes you may have a problem getting across how those goals should be achieved as a team. Or the coherence of your combined goals is missing, looking from the departmental level. Some goals can lead to teams working separately instead of truly collaborating.

As a scale-up leader, you should not only be concerned with structure, or with culture. Ideally, you want to connect these two aspects harmonically. A connective leader will have the positive effects of both aspects amplify each other.

Very few business leaders have this harmony present and ready within themselves. It is only natural for each of us to have a preference for either the structural or the cultural side of an organization. So, how do you keep an eye on both the hard and the soft factors? And how do you enable the right things being done without having to be at the steering wheel all day? Before I elaborate on this, I will share two personal stories (about the absence of connection) to give you a deeper appreciation of what connective leadership is.

Story: Trust issues

This anecdote concerns a period in which I was responsible for various reconnaissance missions under the banner of the United Nations (UN). Our unit consisted of about sixty military personnel, divided into ten different specialist teams.

In the Sahel region of northern Mali, there were a number of violent incidents at the start of our deployment: intensive shelling and an attack by a suicide soldier in the first three weeks. Despite my extensive experience as a tactical unit commander, these real-world situations were new to me. I was acutely aware of the danger of our reconnaissance missions.

However, one of our staff officers (the equivalent of a management team member, you could say) reasoned that the threat level was low and that it was very unlikely that we would get into any more violent incidents. Our intelligence community came to the same conclusion. An analysis made from behind a desk, was my immediate thought. My experience was at odds with theirs.

I spoke out against their view, but was told that the intelligence community was definitely right; I, the operations manager, could not see the big picture. At that moment, there was a rift in the trust between me as operations commander and the staff. I got the feeling that we did not understand each other well.

This is what you hope to prevent as a connective leader. You aim to connect team members and departments and have them engage in constructive dialogue, creating (or improving) mutual understanding. I do not mean that there should never be disagreements, because positive conflict can be very productive. But improving mutual understanding between team members and departments means improving collaboration, improving efficiency, improving scalability.

Story: A year spent waiting

A software company consisted of ten relatively young, highly educated people. Their ambition was to introduce Holacracy as an organizational model. Self-management, freedom and individual responsibility were of paramount importance. The focus of the two founders lay mainly with sales activities. To that end, one was often away on business trips; the other was a creative connector who focused on culture and relationships. The more general business KPIs were not high on their agenda; both founders felt that these should come from within the group itself.

But – their team members were waiting for instructions, guidance, directions. At this stage in the growth of the company, there was a lack of direction and shared vision. Despite the fact that the founders were strong on team spirit, they were unable to synchronize and accelerate their business activities around a clear mission with concrete business objectives.

It would be almost a year before employees and founders stopped waiting for each other. With some outside coaching, they created a dashboard with clear, measurable business goals that were understood and accepted by everyone. Could this have happened sooner, you might ask?

BRINGING TOGETHER AND LETTING GO

People are often typecast: Tom is data-driven and only thinks and talks in KPIs, structures and numbers. Harry is a Mensch and wants to bring everyone around the table and make sure the team works together pleasantly. Sociable and a nice guy, but he talks too much and therefore gets less done.

Surrounded by Idiots, a book by Thomas Erikson, presents a recognizable overview of the types of people anyone can encounter in a normal business environment. As an entrepreneur, you're probably familiar with DISC profiles and other psychological typologies as well. One thing is certain: as your business grows from start-up to scale-up, you'll be dealing with many different types of people. That diversity is partly related to their different roles and functions. A connective leader has the task of having all those functions work well together.

A connective leader is able to both increase the connections between team members and departments and highlight the ambition of the company through measurable business objectives. His or her aim is to keep teams motivated, focused and inspired.

A connective leader oversees the various interests of team members and departments; commercial, operational or financial. He or she ensures that all business activities and interests are aligned so that each team contributes to the company's mission.

How to achieve this is partly a matter of personality; it can be done in a controlled way or in a more open way. But you should at least have enough professional knowledge to think critically and understand your team members' concerns. At the same time, you should leave people be when possible – don't keep grabbing the steering wheel. This tricky balancing act is what you need to perform on a daily basis; it is the act of increasing organizational strength during the complex process of scaling up.

The details of this balancing act, the skills and knowledge you need to be a connecting leader – that's what the rest of this book is about.