**Greiner’s five stage growth model**

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| **Meet the author** |
| Dr Larry E. Greiner is Professor of Management and Organisation in the Marshall School of Business at the University of Southern California. He gained a degree at the University of Kansas before being awarded an MBA and then a DBA from the Harvard Business School. He is the author of many publications on the topics of organisational growth and the development of management consulting. His most famous publication is entitled *Evolution and Revolution as Organisations Grow*. |

**Greiner’s five (six) stage growth model**

Greiner published his growth model in the *Harvard Business Review* in 1972. This model stated that firms go through five stages of growth. He later re-published the theory in 1998, adding in another phase to make six in total. The model is best used to explain the stages of growth within large organisations.

Greiner describes growth as a series of changes within an organisation that are caused or forced upon by various crises.

1. Phase 1: Growth through creativity

This considers the entrepreneur who is the founder of the firm. At the start there are often few members of staff and the entrepreneur undertakes most managerial and leadership roles. Eventually, as the form grows there is a crisis in terms of new managerial staff are required. The entrepreneur needs to be able to cope with this injection of new ideas – perhaps they might need to change their style of leadership.

1. Growth through direction

The organisation continues to grow – with increasing formality in terms of structures and communication chains. Eventually, the size of the firm is too large for the founder to manage on their own. Greiner called this an autonomy crisis – there is a need for delegation and new management structures.

1. Growth through delegation

Now the organisation has senior and middle managers. The middle managers are developing new markets and spotting opportunities in the market. Senior managers take on a strategic and monitoring role. Here there might be a control crisis – where managers do not want to let go of a project and there is a lack of effective delegation.

1. Growth through coordination and monitoring

The organisational structures have now been amended. Often a head office facility has been developed and there are clear departmental lines of hierarchy. Often motivational schemes are established that provide organisational-wide benefits, such as a profit sharing scheme. However, there is now a crisis of bureaucracy, with the organisation struggling with excessive regulation. Often this can distract from the strategic focus of senior leadership to continue growing the business.

1. Growth through collaboration

Now there is a movement away from the formal structures that were developed earlier on in the growth model. The product portfolio begins to be delivered using a matrix structure with cross departmental teams helping to deliver products. Team-based financial benefit schemes are established.

1. Growth through extra-organisational solutions

Here the organisation can only continue to develop and grow if it is able to effectively work with outside agencies and other firms. Perhaps there is a need for the organisation to merge with another one or outsource part of its workload. Specialist firms may be employed to help devise complex business solutions.

