DEEP WATERS CONSULTING

When Growth Creates Complexity

A practical guide for leaders navigating the next stage of organisational growth

Shelly Beach, Coromandel, New Zealand · Photograph: Simon Infanger / Unsplash

Growth creates opportunity. It also exposes what an organisation has outgrown.

FRAMEWORKS & GUIDES · PRACTICAL GUIDE · COMMERCIAL

Growth changes the organisation

Growth is usually pursued as a sign of success. More customers. More people. New markets. Greater revenue. Broader capability. Increased opportunity.

But growth also introduces complexity. The informal practices that worked when an organisation was smaller can become less effective as it expands. Decisions involve more people. Roles overlap. Communication becomes harder. Leaders are pulled further into operational issues. Systems that once provided flexibility begin to create inconsistency.

> Often, the organisation has simply outgrown some of the ways it used to work.

The challenge for leaders is recognising when that transition is occurring - and responding before accumulated complexity begins to constrain performance.

Five signals to look for

01	**Decisions keep returning to the same people**
02	**Accountability has become blurred**
03	**The organisation has outgrown informal ways of working**
04	**Strategy and delivery are beginning to separate**
05	**Leadership capability has not grown at the same rate as the organisation**

Decisions keep returning to the same people

In smaller organisations, concentrated decision-making can be an advantage. A founder, chief executive or small leadership group can make decisions quickly, maintain close relationships with customers and retain a strong understanding of what is happening across the organisation.

As the organisation grows, that strength can become a constraint. More decisions begin travelling upwards. Senior leaders become increasingly involved in operational matters. Teams hesitate because they are uncertain about their authority. Eventually, the people who once accelerated the organisation can unintentionally become its bottleneck.

What this can look like

- Important decisions repeatedly escalate to the chief executive or owner.
- Teams seek approval for matters they should reasonably be able to resolve.
- Senior leaders spend increasing amounts of time solving operational problems.
- Progress slows when particular people are unavailable.
- Delegation occurs, but decision-making authority remains unclear.

THE DEEPER QUESTION

Does decision-making authority still reflect the organisation we have become?

Growth requires leaders to progressively shift from making decisions themselves to creating the conditions in which good decisions can be made throughout the organisation.

Accountability has become blurred

Growth creates new roles, teams, functions and management layers. But organisational accountability does not always evolve at the same pace.

Responsibilities begin to overlap. Several people may contribute to an outcome, but no one clearly owns it. Meetings multiply because coordination increasingly substitutes for clarity. The organisation can become extremely busy while accountability becomes progressively less visible.

What this can look like

- People are unclear who ultimately owns important outcomes.
- Multiple teams are involved in decisions without clear decision rights.
- Issues move between functions rather than being resolved.
- Meetings are used to compensate for unclear accountability.
- Performance problems are discussed without clear ownership for resolving them.

THE DEEPER QUESTION

Who owns the outcome? Who makes the decision? Who contributes? Who needs to know?

Accountability is not simply about job descriptions. As complexity increases, these distinctions become more - not less - important.

04 SIGNAL THREE

The organisation has outgrown informal ways of working

Many successful organisations are built initially on relationships, trust, experience and proximity. People know each other. Information travels quickly. Problems can be solved through a conversation.

These characteristics are valuable and should not automatically disappear with growth. But eventually, relationships alone cannot carry all the complexity. Different teams develop different practices. Knowledge becomes concentrated in individuals. New employees cannot rely on organisational history they were never part of.

What this can look like

- Important knowledge sits primarily in people's heads.
- Different teams solve similar problems in different ways.
- New employees take a long time to understand how things really work.
- Processes depend heavily on particular individuals.
- Leaders resist structure because they associate it with bureaucracy.

> **THE DEEPER QUESTION**
> Where would greater clarity make it easier for people to perform?

The objective is not more process. It is appropriate structure - enough to support scale without losing what made the organisation successful.

05 SIGNAL FOUR

Strategy and delivery are beginning to separate

Growing organisations often have no shortage of ambition. There may be a strategic plan, growth targets, new opportunities and a clear sense of where the organisation wants to go.

The difficulty is maintaining connection between those aspirations and everyday decisions. Operational demands compete for attention. New opportunities emerge. Resources become stretched across too many priorities. Strategy gradually becomes something discussed periodically rather than something that actively shapes the organisation.

What this can look like

- Strategic priorities exist, but everything still feels important.
- New initiatives are added without others being stopped.
- Resources do not consistently follow stated priorities.
- Teams struggle to connect their work to organisational strategy.
- Leadership meetings are dominated by operational issues.

> **THE DEEPER QUESTION**
>
> Can we see our strategy in the decisions we make every day?

Strategy becomes meaningful when it determines what receives attention, resources and leadership focus - and what does not.

06 SIGNAL FIVE

Leadership capability has not grown at the same rate as the organisation

Growth changes what leadership requires. People who succeeded by being technically excellent, highly responsive or personally solving problems may now need to lead teams, develop others, manage competing priorities and make decisions across organisational boundaries.

Founders may need to move from being at the centre of the organisation to building a leadership system around them. Senior managers may need to shift from representing their own function to sharing responsibility for the performance of the whole organisation.

What this can look like

- Strong technical performers struggle after moving into leadership roles.
- Managers continue doing work their teams should increasingly own.
- Leadership quality varies significantly across the organisation.
- Functional priorities regularly outweigh organisational priorities.
- Difficult performance issues are avoided or escalated.

THE DEEPER QUESTION

Have we helped our people make the leadership transition the organisation now requires?

Growth does not simply require more leadership positions. It requires greater leadership capability.

07 PRACTICAL TOOL

The Growth & Complexity Diagnostic

Use this diagnostic to support a leadership conversation rather than produce a definitive score. For each statement, mark whether it occurs Rarely, Sometimes or Often. Use the notes column to capture examples or questions worth exploring.

Area / statement	Rarely	Sometimes	Often	Notes
DECISION-MAKING Important decisions depend on one or two individuals.	○	○	○	
DECISION-MAKING Senior leaders spend more time resolving operational issues than shaping the future.	○	○	○	
DECISION-MAKING Teams are uncertain about the decisions they are authorised to make.	○	○	○	
ACCOUNTABILITY Important outcomes involve many people but have no clearly understood owner.	○	○	○	
ACCOUNTABILITY Responsibilities between teams or functions frequently overlap.	○	○	○	
ACCOUNTABILITY Meetings are often required simply to establish who is responsible for what.	○	○	○	
WAYS OF WORKING Important organisational knowledge depends heavily on particular individuals.	○	○	○	
WAYS OF WORKING Different parts of the organisation use inconsistent approaches to similar work.	○	○	○	

The Growth & Complexity Diagnostic

Area / statement	Rarely	Sometimes	Often	Notes
WAYS OF WORKING Our systems and processes reflect how the organisation used to operate more than how it needs to operate now.	○	○	○	
STRATEGY & DELIVERY Strategic priorities do not consistently determine where time and resources are invested.	○	○	○	
STRATEGY & DELIVERY New priorities are regularly added without existing activities being stopped or reduced.	○	○	○	
STRATEGY & DELIVERY Operational pressures frequently displace strategic work.	○	○	○	
LEADERSHIP Managers remain involved in work that could increasingly be owned by their teams.	○	○	○	
LEADERSHIP Leadership capability varies considerably across the organisation.	○	○	○	
LEADERSHIP Our leadership practices have not evolved as quickly as the organisation itself.	○	○	○	

HOW TO USE IT

Look for clusters rather than a total score. The pattern tells you where complexity is concentrating.

What is the diagnostic telling you?

The value of the diagnostic is not the number of times you select Often. The value lies in the pattern.

Growth is being absorbed well

If most statements occur rarely, the organisation may be successfully adapting its leadership, systems and ways of working as it grows. Continue anticipating what the organisation will need next rather than waiting for existing approaches to fail.

Complexity is beginning to accumulate

If a number of statements occur sometimes - particularly if they cluster around one or two areas - growth may be starting to expose organisational constraints. This is often the best time to respond.

The operating model may need to evolve

If many statements occur often, the challenge is unlikely to be solved through isolated improvements. Consider how leadership, accountability, structure, capability, systems and strategic priorities work together.

> The aim is not to diagnose failure. It is to notice where the organisation needs to evolve before complexity becomes constraint.

Five conversations worth having

1. What have we outgrown?

Which practices, structures or assumptions were valuable at an earlier stage but are now creating constraints?

2. Where does complexity currently concentrate?

Where are decisions slowing, responsibilities overlapping or senior leadership attention being consumed?

3. What still depends too heavily on individuals?

Where would the organisation struggle if a key person became unavailable tomorrow?

4. What does the next stage require from leadership?

Not simply more managers - but different leadership behaviours, capabilities and accountabilities.

5. What should become clearer before we become bigger?

Which decisions, roles, systems or priorities will become significantly harder to resolve if growth continues without addressing them?

> Use these questions with your executive team, board or owners. The purpose is to surface what needs attention - not to force immediate solutions.

Structure without bureaucracy

The response to complexity is not necessarily more hierarchy, more process or more control. Poorly designed structure can create as many problems as insufficient structure.

The objective is to introduce clarity where complexity has begun to create friction.

- Clearer decision rights
- Stronger accountability for outcomes
- Simpler organisational priorities
- More deliberate leadership development
- Improved management disciplines
- Better information flows
- Clearer interfaces between teams
- Systems appropriate to the organisation's scale

> Structure should enable performance - not become an end in itself.

Looking beneath the symptoms

When organisations grow, the most visible problem is not always the real problem. A slow decision may appear to be a performance issue when the underlying problem is unclear authority. An overloaded chief executive may appear to need better time management when the deeper issue is an operating model still built around the founder.

Before adding another process, role, system or initiative, ask:

> What is actually creating the complexity we are experiencing?

11 FINAL REFLECTION

Is the organisation evolving quickly enough to support its growth?

Growth changes more than the size of an organisation. It changes what the organisation requires from its leaders, its structures and its ways of working.

The practices that enabled one stage of success may not be the practices required for the next.

Strong organisations recognise this before complexity becomes constraint. They retain what remains valuable, strengthen what needs to evolve and deliberately build the capability required for what comes next.

> The question is not simply whether your organisation can continue to grow. It is whether the organisation itself is evolving quickly enough to support that growth.

About Deep Waters

Deep Waters Consulting is a principal-led advisory practice operating across the Public, Commercial and Civil Society sectors. We help leaders, organisations and systems navigate complexity, strengthen capability and deliver meaningful outcomes.

Reflection → Insight → Clarity → Action → Impact

The greatest opportunities rarely lie on the surface.