

4 steps to help the exponential growth of companies



How can companies achieve **accelerated growth** that turns them into **exponential organizations**? What **role does technology** play in this process of development?

Ricardo Úbeda Sales, Academic Associate Dean of the [EGADE Business School](#), said at the 2023 Tec Business Summit that technological progress has forced companies to evolve and seek exponential growth.

“Exponential organizations are capable of adapting, thinking, having purpose, and going through several phases of maturity; they ended up utilizing technological changes, ‘riding the wave,’ and it worked out incredibly well for them,” said the dean.

*“These organizations basically know how to do two things: one, **navigate very well in VUCA settings** (Volatility, Uncertainty, Complexity, and Ambiguity); and two, **adopt new technologies in more accelerated ways,**”* he added.

Úbeda said that although we live in an age in which **technological revolutions occur simultaneously and are intertwined**, exponential organizations have utilized these changes, managing not only to not disappear, but to take advantage of these innovations.



/> width="900" loading="lazy">

The 4 steps to becoming an exponential organization

Companies such as **Google, Amazon, Uber, and Airbnb** are called **exponential organizations** due to the accelerated pace at which they have grown, said Úbeda.

*“Previously, companies took 20 years on average to achieve billion-dollar valuations, whereas companies such as Google, Facebook, or Tesla did so in under eight years; this is **exponential growth**, both in terms of market capitalization and market share.”*

The director said that there are several stages a company goes through on the way to becoming an exponential organization:

1. **Digitalization: innovating on processes and services through technology**

By **digitalizing their processes and operations**, companies can grow at exponential speed, shifting to digital media to offer their services and connect with their customers.

*“Exponential organizations are companies that are **based on digitalization**, which gets them everywhere.*

*“Digitalization touches everything, first **going through processes and then reaching our value proposition**,” he said.*

By shifting their processes to a **digitalized model**, organizations can **optimize their operations**, making the most of technology and being able to develop at an accelerated pace through innovation.

What's more, digitalization enables companies to experiment with disruptive technologies and **venture into new business models** to be on the cutting edge of different industries.

2. Disruption: generating a change or impact on the industry

Úbeda said that companies which want to become exponential organizations should also **seek disruption**: entering an industry and **changing its rules**.

Organizations that want to be disruptive need to be willing to **adapt to changes in their surroundings**, experience new ways of operating, and modify their strategies to revolutionize their industry based on what they have learned.

However, the director of the **EGADE Business School** believes that of all the steps companies take to achieve exponential growth, disruption is one of the hardest.

*"We don't usually see disruption because we're thinking in local and very linear terms, instead of **thinking in exponential and global terms**; as human beings, it's very hard to understand change,"* he remarked.

*"Organizations are experts at creating **antibodies to innovation and disruption**. We create them to do the same thing many times and repeat the same process,"* he added.

*"**These organizations basically know how to do two things: one, navigate very well in VUCA settings; and two, adopt new technologies in more accelerated ways.**"*

3. Demonetization: free services to acquire more users

Exponential organizations tend to offer their service or products at a **very low cost or even for free** as a strategy for acquiring accelerated growth, seeking to increase the number of customers.

*"**Everything is free at first** and reaches everybody. I remember that Spotify was more or less free to start with. Netflix also offered things for free,"* he mentioned.

He said that the users "are the products" in these companies; some companies obtain their **income through advertising** or even by **using data on their subscribers** or customers.

Furthermore, he said that these companies also want to create a community that is large enough to then **take advantage of the number of its users**: winning market share and then monetizing.

*"If I give things to the community for free, **I won't have to look for customers**. They'll come to me on their own and we'll create engagement,"* he said.

4. Democratization: participation and collaboration from all users

The specialist said that the aim of democratization is for **all users to be capable of doing “everything”**, to connect and interact with each other, while companies are the platforms that make doing this possible.

“These companies want **everyone to be able to collaborate and do everything**; where users can connect and determine their benefits,” he remarked.

“One example is **Cumplo**, a company in Mexico that lets you lend funds to companies that need credit, they offer you an interest rate, and the banks disappeared here; that’s **disruption**,” he said.

To make this possible, companies need to implement **horizontal collaboration strategies** and platforms that enable communication between users.



/> width="900" loading="lazy">

Other factors that make exponential companies different

Besides the 4 steps that companies should take to become exponential organizations, the director shared other concepts that are typical of these kinds of businesses.

- They are based on abundance

According to Úbeda, companies were always based on scarcity until recently; “they always talked to us about supply and demand.” However, he says that what sets exponential organizations apart is that **they deal in abundance**.

*“These organizations are dedicated above all to **transferring abundance to communities**, to huge numbers of people. This abundance is reflected in the business models of these companies,”* he explained.

*“For instance, **Netflix** has so many movies or series that they seem infinite; **Airbnb** has all the hotels rooms in the world without having invested anything; **Uber** has all the chauffeurs in the world; and **Google** gives you access to all the world’s information,”* he added.

- Their goal is making a better world

The specialist said that many companies today aim for levels that are not as high as their purpose when speaking about their mission, vision, and strategy. Meanwhile, **the purpose of exponential organizations is to change the world** and make it a better place.

*“These organizations **are based on a purpose that they believe in**. For example, Google said it was going to organize all the world’s information and it achieved that. It has all the information, all the maps, and all the images in the world,”* remarked Úbeda.

He also related this ideology with the way the most recent generations such as **millennials and centennials** think, which is reasoning focused on changing and improving the world.

- They deal in scalability through innovation

Úbeda said that dealing in scalability, as well as abundance, requires **harnessing the use of technologies and digital platforms** to be able to grow quickly and efficiently.

*“For instance, this means an **interface with pleasant experiences for users**, dashboards that enable me to measure in real time what’s going on with experimentation, autonomy, and using all the social media aspects,”* he mentioned.

Through scalability, companies can **increase their capabilities and reach**; scalability also means that companies should **adopt agile and flexible organizational cultures** to adapt to changes in their surroundings.



/> width="900" loading="lazy">

- They manage ecosystems for diversification

The director said that another aspect that enables companies to become exponential organizations is **diversifying their income and operations in the ecosystem.**

*“How do I ensure that my **core business** can be **replicated in another type of business** and that they recommend and feed back into each other? For example, there are all these businesses that **Amazon** has, they handle a lot of information and move things very quickly,”* he said.

- They embrace experimentation and an exponential mindset

If there is a perception that everything is under control in an organization, we can suppose that the company is not undergoing exponential growth, remarked Úbeda.

The specialist said that business leaders should **stop having a linear mindset** and exchange it for an exponential one, as well as **daring to experiment.**

He said that **fear of stopping doing what they do well** is one of the things that can slow down these big changes in organizations on their path to going exponential.

“The hardest thing is to stop doing what we do, and it’s very hard to allow our core business to move into other businesses and other industries,” he said.

- They use technology for integrated transformation

*“Transformation isn’t digital, nor is it technological; **technology is a facilitator**,”* said Úbeda, who mentioned that companies can grow by using digital tools.

He added that technology should go from just being support to **an element that collaborates with the business**, which helps to differentiate its value proposition and be a part of its attributes.

*“There are many managers who talk to you about Big Data, the Internet of Things (IoT), cloud computing, machine learning, artificial intelligence, and so on; they are **facilitators** that allow my organization to keep growing,”* he added.

- They adopt a participative organizational culture

The specialist explained that unlike vertical organizations with hierarchies, **participative organizations** allow people to contribute ideas, experiment, and keep an eye on the market.

*“There are very participative organizations in which **people are the brains**, they observe the market a lot, and **strive to innovate and adapt**,”* he added.

ALSO READ:

<https://conecta.tec.mx/en/news/national/entrepreneurs/tec-leads-entrepreneurship-education-according-babson-college>