THE FOUR PHASES

The Wonder Years

Launch · Possibility exceeds proof

The Thunder Years

Growth · Repeatability creates momentum

The Plateau

Maturity · What got us here won't get us there

The Blunder Years

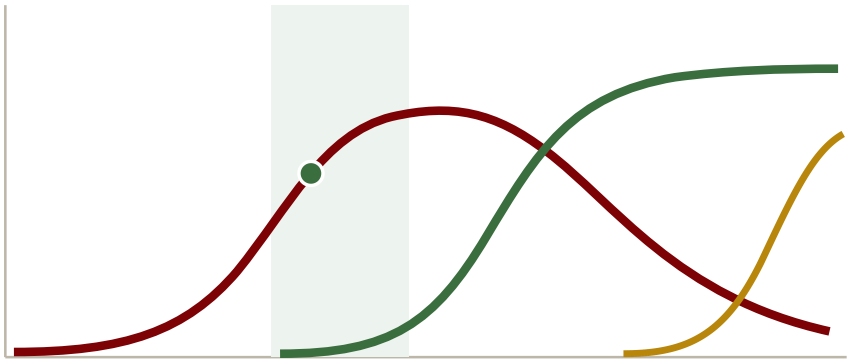
Decline · Good plans fail in execution

The question is never whether your curve will flatten. It is whether you will already be climbing the next one when it does.

THE TOOLKIT · A LEADER'S GUIDE

The S-Curve

Why every business must reinvent itself, and why the best time to start is when you least feel the need



Curve 1 the core business · **Curve 2** the reinvention, started inside the window · **Curve 3** the next one

INSIDE THIS GUIDE

1. What the S-curve is, and where it comes from
2. The four phases, in two languages
3. The central paradox: jump before you have to
4. The fork at the plateau
5. Why smart companies miss the jump, and who made it
6. Warning signs you are nearing the top
7. The playbook, and how to run an S-curve session with your team
8. A one-page S-curve worksheet

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THE IDEA

What Is the S-Curve?

Every product, business model, and organization follows a predictable arc. Plotted over time, that arc looks like a stretched letter S.

It starts slowly. It accelerates. It levels off. Then, unless something changes, it declines. The S-curve is one of the most useful pictures a leader can carry. It explains why growth that once felt effortless becomes a grind. It explains why great companies get blindsided. Most importantly, it reveals a hard truth about timing: **the moment to build your next curve is while the current one is still rising,** when you have the cash, the talent, and the credibility to fund it. By the time decline is obvious, those resources are already shrinking.

Where the idea comes from

EVERETT ROGERS · 1962

The sociologist used an S-shaped curve to describe how innovations spread through a population.

RICHARD FOSTER · 1986

The McKinsey partner applied it to technology: each one improves slowly, then quickly, then hits physical or economic limits.

CHARLES HANDY

Brought it to organizations and careers as the Sigmoid Curve: the secret to growth is starting a new curve before the old one peaks.

The pattern holds at every level. It describes a single product, a company, an industry, and even an individual career.

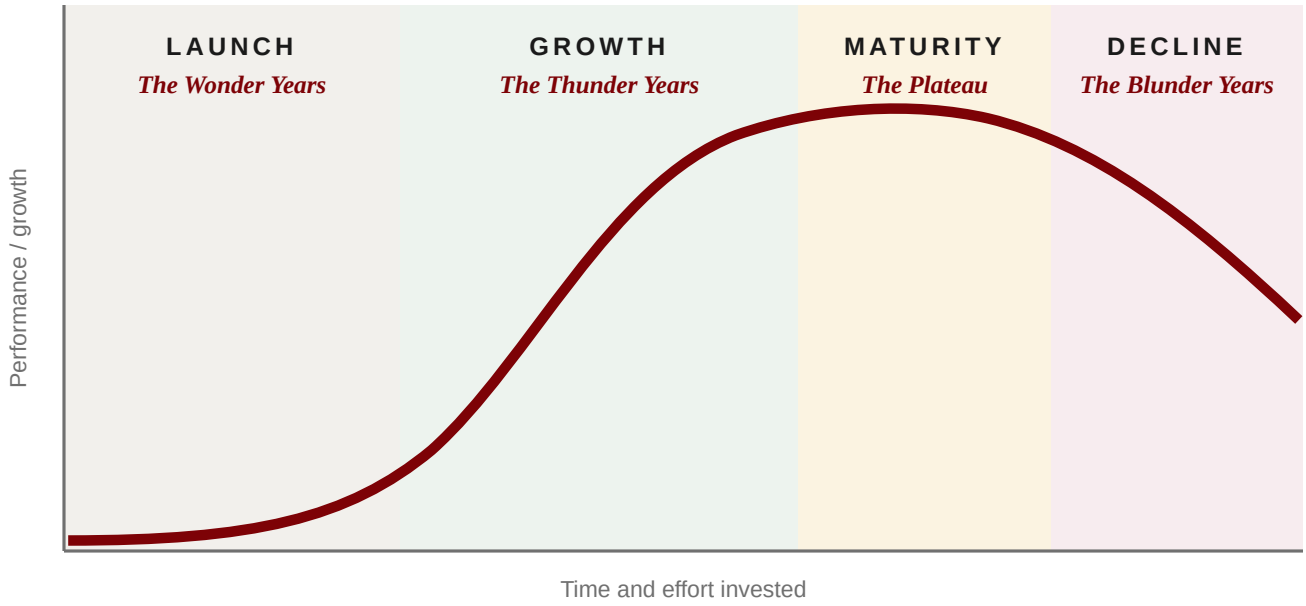
Five things to remember

1. **Every curve flattens.** No business model grows forever. Markets saturate, competitors copy, and customer needs shift.
2. **Success hides the peak.** The top of the curve feels like stability. It is actually the start of the slide.
3. **Jump early.** Start the second curve while the first is still climbing. Waiting for proof of decline means reinventing from weakness.
4. **Run two businesses at once.** Leaders must optimize today's engine while funding and protecting tomorrow's.
5. **Reinvention is a leadership discipline.** It is not a one-time project. Enduring companies build the habit into how they plan, allocate, and develop people.

THE MODEL

The Four Phases of a Single Curve

Each phase has an analyst's name and a leader's name. Use whichever one your team will remember.



PHASE	WHAT IT FEELS LIKE	WHERE LEADERS FOCUS	THE HIDDEN DANGER
Launch *Wonder Years*	Slow, uncertain progress. Lots of effort for little visible return.	Learning fast, finding product and market fit, conserving cash.	Quitting too early, or scaling before the model works.
Growth *Thunder Years*	Momentum. Demand pulls the business forward. Hiring cannot keep up.	Scaling operations, building systems, adding talent and capital.	Assuming the growth rate is permanent and building cost structure around it.
Maturity *The Plateau*	Growth slows. Wins come from efficiency, pricing, and share gains.	Margin, process, cost discipline, defending the core.	Mistaking a plateau for stability. Optimizing a model that is quietly aging.
Decline *Blunder Years*	Shrinking demand, pricing pressure, talent leaving for newer opportunities.	Cost cuts, restructuring, searching for a turnaround.	Trying to reinvent with less money, less time, and less credibility.

THE MODEL · IN LEADERS' LANGUAGE

What Each Phase Asks of You

Each phase has a defining truth and a different leadership task.

LAUNCH

The Wonder Years

Possibility exceeds proof.

The Wonder Years are optimistic and exploratory. Leaders see a customer frustration, an unmet need, or a superior way to deliver value before the market has fully validated it. Teams study ideas, define a point of view, and search for partners who share their values and vision. Early work relies heavily on founder energy and shared conviction.

The test: Can we deliver something materially more convenient, transparent, and compelling than the alternatives customers have today?

GROWTH

The Thunder Years

Repeatability creates momentum.

The Thunder Years begin when the business has a differentiated offer, reliable demand, positive enough unit economics, and operating routines that can be repeated. The firm adds customers, locations, people, and capacity; identifies best practices; builds brand credibility; and sees volume and revenue rise.

To keep the momentum: standardize core processes, develop leaders, fund infrastructure, maintain quality, protect culture, and build the team.

MATURITY · THE INFLECTION POINT

The Plateau

What got us here won't get us there.

The inflection point forces leaders to accept that intuition, anecdotes, and historical ways of working are no longer sufficient. Operations become stressed. Inconsistencies erode performance. Working harder must be replaced with working smarter.

To thrive and grow: transform inconsistencies into systems. Instrument the business with measures, data, and review systems to spot issues early. Narrow the focus, improve the offer, and establish a repeatable operating model.

DECLINE RISK

The Blunder Years

Good plans can still fail in execution.

Customer preferences shift. The team cannot deliver the experience consistently. Marketing produces leads but not sales. Rapid growth exposes management gaps. Short of selling, the business faces two choices: reinvest to create the next S-curve, or accept gradual stagnation.

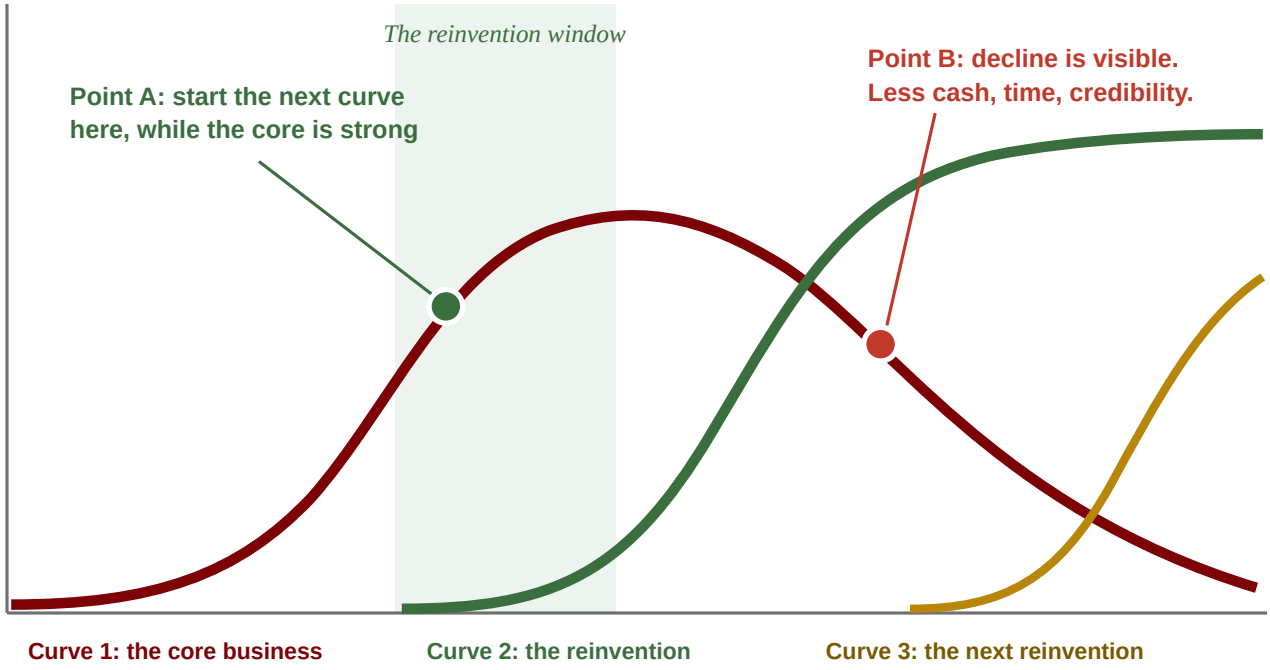
To reach the next curve: do two things at once. Make the existing business consistently excellent and profitable, while deliberately building, and rigorously testing, a distinctly better model.

> ***"Great companies remain relevant by continually renewing themselves. They turn today's success into the resources, capabilities, and courage needed to reinvent for tomorrow."***

THE CENTRAL PARADOX

Jump Before You Have To

The right time to start your next curve is precisely when it feels least necessary.



AT POINT A

The core business is still climbing. Revenue is growing, morale is high, and the board is happy. Nobody is asking for change. Yet this is exactly when the organization has the most to invest in something new: free cash flow, strong people, customer trust, and the patience of investors.

AT POINT B

The decline is visible to everyone. Now there is urgency. But the cash is tighter, the best people are already looking elsewhere, and the market has started to doubt you. Reinvention from Point B is possible, but it is far harder and far more expensive.

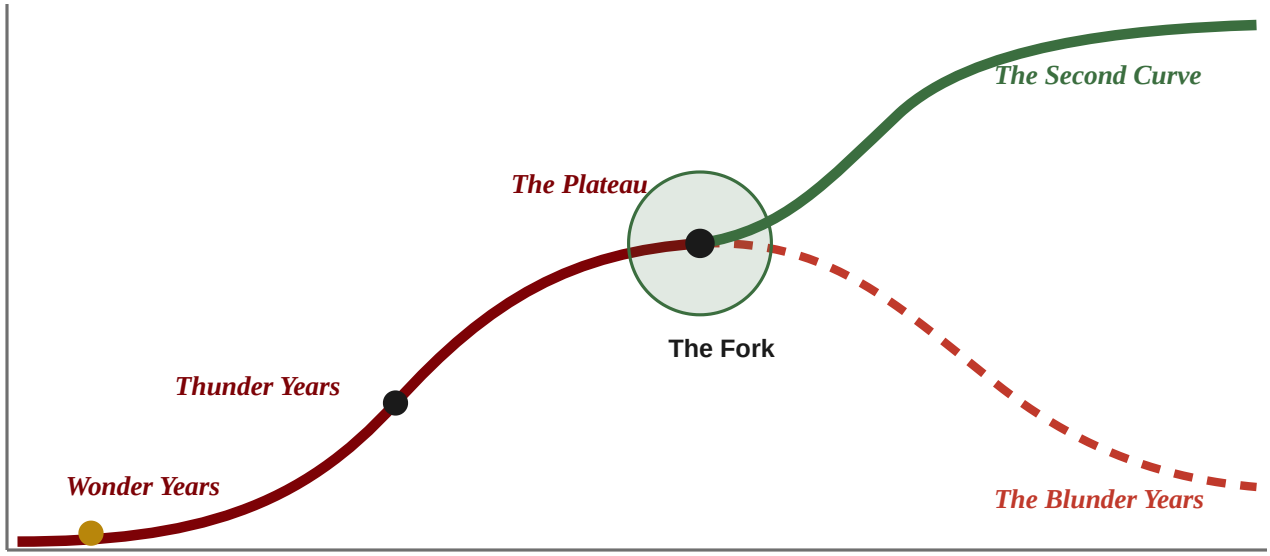
THE REINVENTION GAP

Notice that the new curve starts below the old one. Every second curve begins with a dip: early investment, small revenue, and learning costs. That gap is why leaders hesitate. The new thing looks worse than the old thing for a while. **The job of leadership is to fund that gap on purpose, and to protect the new curve long enough for it to prove itself.**

THE CHOICE

The Fork at the Plateau

Start the next curve, or drift into the Blunder Years. Not choosing is a choice.



START THE NEXT CURVE

Restructure on purpose. Keep the core consistently excellent and profitable while you build, and rigorously test, a distinctly better model. The second curve does not start in a boardroom. It starts with a belief, a desire to change the industry, and a group of committed partners.

DRIFT

Keep running the first-curve playbook a little harder each year. Growth levels off, what got you here stops working, and the business slides into gradual stagnation, with fewer resources each year to change course.

A useful exercise: what was your first curve built on?

Name the three or four things that powered your Thunder Years: the people, the growth engine, the capabilities, the reach. Honor them; none of it was a mistake. Then ask the harder question, out loud, as a team:

> ***"It worked. And was it built for a market that no longer exists?"***

THE TRAPS

Why Smart Companies Miss the Jump

They are not run by careless people. They are run by capable leaders doing exactly what made them successful. That is the trap.

1. **Success breeds certainty.** The playbook that built the first curve gets codified into culture, process, and identity. Questioning it feels disloyal.
2. **Metrics reward the core.** Budgets, bonuses, and dashboards measure the existing business. A new curve looks small and unprofitable, so it loses every resource fight.
3. **Best customers say no.** Clayton Christensen showed that listening closely to current customers can lead you away from the next wave, because the new offering often serves different customers first.
4. **Plateaus look like stability.** A soft quarter, a tough competitor, a one-time issue. The flattening is gradual enough that no single moment forces a decision.
5. **The wrong people lead the jump.** The operators who scale and optimize Curve 1 are often not the builders who can navigate the ambiguity of Curve 2.
6. **Cannibalization fear.** Leaders hesitate to build something that might eat into today's revenue. But if you do not cannibalize yourself, a competitor will.

Those who jumped, and those who didn't

COMPANY	CURVE 1	THE JUMP, OR THE MISS	THE LESSON
Netflix	DVDs by mail	Shifted to streaming while DVDs were still profitable, then jumped again into original content.	Cannibalize yourself before someone else does.
Amazon	Online books	Expanded to an everything store, a third-party marketplace, then cloud computing through AWS.	Use the strength of one curve to fund the next.
Apple	Personal computers	Mac to iPod, iPhone, then services, each launched while the prior line was still strong.	Stack curves deliberately, one after another.
Microsoft	Windows and Office licenses	Reoriented around cloud and subscriptions after a period of stalled growth.	A leadership and culture reset can restart a mature company.
Kodak	Film and processing	An engineer built an early digital camera in 1975, but the company protected film for decades.	Inventing the next curve is not enough. You must commit to it.
Blockbuster	Video store rentals	Passed on early chances to change its model and was overtaken by mail and streaming.	Dominance in Curve 1 offers no protection on Curve 2.

DIAGNOSE

Warning Signs You Are Nearing the Top

Use this checklist with your leadership team. If several ring true, you are likely in late maturity, and the window for your next curve is open now.

- [ ] Growth increasingly comes from price increases or acquisitions, not new customers.
- [ ] Each new dollar of growth costs more to win than it did two years ago.
- [ ] Most innovation is incremental: line extensions, features, and efficiency projects.
- [ ] Competitors, or new entrants, are winning customers you used to win easily.
- [ ] Your best young talent is leaving for companies working on what comes next.
- [ ] Strategy conversations are mostly about defending share and protecting margin.
- [ ] Few of your current products or services would be designed the same way today.
- [ ] Customers praise your reliability but describe you as traditional.

Signs of the Plateau inside the operation

The market signs above show up in strategy meetings. These show up on the floor, and they often arrive first:

- [ ] Intuition and anecdotes are no longer enough to run the business.
- [ ] Inconsistencies across sites or teams are eroding performance.
- [ ] The answer to every problem is "work harder."
- [ ] Marketing produces leads, but not sales.
- [ ] The team cannot deliver the experience consistently.
- [ ] Rapid growth is exposing management gaps.

How to use it: have each leader complete the checklist on their own before the meeting, then compare. Where the team disagrees is where the real conversation is.

ACT

Leading the Jump: A Practical Playbook

Six disciplines that turn the S-curve from a picture into a plan.

1 **KNOW WHERE YOU ARE ON THE CURVE**

Be honest about each product line and the business model as a whole. Map them onto the curve. Most leadership teams discover their portfolio is more mature than they assumed.

2 **FUND THE NEXT CURVE FROM STRENGTH**

Set aside a deliberate share of capital and leadership attention for new curves while the core is still generating cash. Treat it as a permanent line item, not a discretionary bet that gets cut in a soft quarter.

3 **PROTECT THE NEW CURVE**

Give the new effort its own team, its own metrics, and its own pace. Judge it on learning and leading indicators first, profitability later. If it competes for resources on the core business's terms, it will lose.

4 **RUN TWO BUSINESSES AT ONCE**

Researchers call this organizational ambidexterity. The core must keep improving efficiency and serving existing customers. The new curve must explore and experiment. Senior leaders hold both, and make the tradeoffs explicit.

5 **DEVELOP DIFFERENT LEADERS**

The skills that climb Curve 1 and the skills that launch Curve 2 are not the same. Identify builders who thrive in ambiguity. Rotate high potentials through new ventures. Reward intelligent experiments, not only hitting the plan.

6 **LET GO ON PURPOSE**

Reinvention requires subtraction as well as addition. Decide what you will stop doing, sunset, or sell. Freeing resources from aging lines is often the fastest way to fund what comes next.

Building the second curve in three stages

1 · STABILIZE AND PROVE

Get the core consistently excellent. Put the right leaders in place. Launch the first tests of the new model.

2 · DEFINE AND SCALE

Turn what the tests proved into playbooks. Replace one-off practices with shared best practices.

3 · LEAD THE CATEGORY

Become the reference model others measure against: proven playbooks, defensible margins, a ready bench.

HOW TO USE IT

Running an S-Curve Session With Your Team

The goal is not a quick answer. It is an honest one.

#	STEP	WHAT TO DO
1	**Teach the picture**	Walk the four phases using the language on pages 3 and 4. Agree on shared words before anyone places a dot.
2	**Place the dots**	Each leader independently marks where the company, and each major product or service line, sits on the curve. Reveal them together.
3	**Run the warning signs**	Complete the checklist on page 8 individually, then compare. Discuss the items where people disagree.
4	**Name the first curve**	List what the first curve was built on. Then ask whether the market it was built for still exists.
5	**Stand at the fork**	State the two choices plainly: start the next curve, or drift. Make the cost of drifting concrete.
6	**Define the second curve**	Describe the distinctly better model, who owns it, how it is funded, and how it will be tested and protected.
7	**Decide what to stop**	Name what you will stop, sunset, or sell to fund it. Set a date to review progress.

Questions for your leadership team

1. Where is each of our major products or service lines on the S-curve today?
2. If we did nothing new, what would our business look like in five years?
3. What is our second curve? Who owns it, and how is it funded?
4. Which of our current metrics would cause us to kill a promising new idea too early?
5. What would a well-funded new entrant build to put us out of business?
6. What should we stop doing to free up resources for what comes next?
7. Do we have the leaders we need for the next curve, or only for the current one?

A NOTE FOR LEADERS AND CAREERS

The S-curve applies to people as much as to companies. Every role, skill set, and career stage eventually plateaus. The leaders who stay relevant over decades do what great companies do. They start learning the next thing while they are still at the top of their current game, not after it stops working.

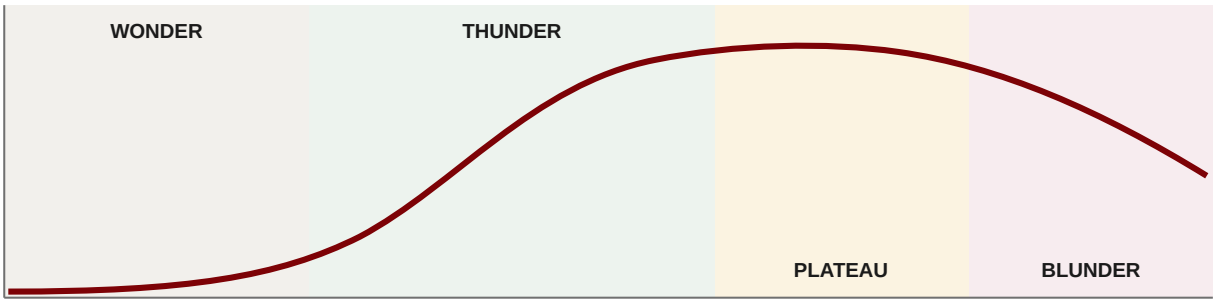
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S-CURVE WORKSHEET

Where Are We, and What Comes Next?

Team: _____ Date: _____

1 · PLACE THE DOTS: MARK THE COMPANY AND EACH MAJOR LINE ON THE CURVE



2 · WARNING SIGNS THAT RING TRUE (COUNT: ___ OF 14)

3 · OUR FIRST CURVE WAS BUILT ON

4 · AT THE FORK: WHAT DRIFTING WOULD COST US IN FIVE YEARS

5 · OUR SECOND CURVE: THE DISTINCTLY BETTER MODEL

OWNER	FUNDING (FROM STRENGTH)	HOW WE WILL TEST IT
ITS OWN TEAM	ITS OWN METRICS	BUILDERS WHO WILL LEAD IT

6 · WHAT WE WILL STOP, SUNSET, OR SELL

7 · THREE STAGES AND DATES

Stabilize and prove: _____

Define and scale: _____

Lead the category: _____

REVIEW DATE