



Episode 10 - The Three Legged Race

A three legged race consists of pairs of runners, competing with the left leg of one runner strapped to the right leg of another runner. The way to win a three-legged race? Having coordination of the parties involved who are working with a combined three legs, instead of four.

One of my great mentors gave me this analogy in a snapshot.

The three legs of scale:

- Operations
- Sales
- Finance

They have to move forward strategically and at the same pace if you're going to scale your organization.

I see a lot of organizations struggle when they don't understand that there is a three-legged race even happening.

For example - when only sales go forward, the pressure on the operations and finance will cause that organization to crash if they can't re-balance.

What happens when one leg gets dragged for too long?

Let's take the left leg as operations, the middle combined leg is sales, and the right is finance.

If I drag operations behind, I could get away with it for a while. At some point, I won't be able to stay coordinated.

Remember I'm not alone, business is a race and other people are competing for the same territory, market share, and finish line.

How long I've dragged that left leg of operations dictates how much damage is done to my organization.

I may need to hire a new person to start catching up. If I drag that leg for long, when I eventually pause to get back on track, people (and other organizations) will start passing me.

The right leg (finance) is the same principle. If I drag that for a while, (that's the most common one that is slower), at some point there will be a clean-up phase.

Again, during which - you will be passed.

What happens when you drag that middle leg... the sales leg?

It's not a pause, *it's a fall*. And oppositely, you may get injured if you were to try to go too fast.

“When you have a sales problem, it could be more fatal. It could take you out of the race.” - Seth Campbell

If you don't fall too hard, there will be a whole process of restructuring. And sometimes a total change in the whole organization.

That's the one that you can't afford to drag.

All businesses attempting to move forward at a fast rate, attempting to hit a big goal, are in a three-legged race.

Sometimes they only think it's two. Sales and operations... or just sales. Or we think sales is more important than finance, it's not. One is not more important than the other. They respectively are important in each of their own ways.

Quick Corrective Actions

Maybe you're a solopreneur, on a team, or have an organization. This concept applies to everyone.

To be clear, like a three-legged race - one of them is always in front. It doesn't have to constantly be the same one. Sometimes a different 'leg' will outpace the others. It's always going to be like that with talent.

That's how you move forward.

What is important - is that you don't allow the others to fall too far behind or for one to be far behind for an extended period of time.

Some Common Scenarios

Sales are heading forward fast while operations and finance are lagging - You need to improve data-driven decision making.

If you're doing well in sales and you feel like you're not scaling and your finance and operations people are not as talented as your sales person or team, I bet you're more emotional.

Your organization probably can't tell me your profit per person!

“If your sales and growth are upfront and something isn't working, your solution is data-driven decision making. You're missing data.” - Seth Campbell

Operations are in the lead, and sales and finance are lagging - You need to improve your aggression and risk-taking. I bet you have things you're still working on before you put them out. You're missing that aggressive risk-taker.

“If you're not embarrassed by the first launch of your product, you've launched too late.” - Reid Hoffman, Founder of LinkedIn

“Companies rarely die for moving too fast, they frequently die from moving too slowly.” - Reed Hastings, Founder of Netflix

If your operations are constantly upfront then you need to bring in some risk-takers.

Finance is clearly ahead and sales and operations are lagging - This is very rare because you can't scale without the other two.

Finance can jump when you have a peak season, the market is in your favor or you have a huge sale. That's normal.

This is only possible in a late-stage company. It has to be a company that has already scaled. It's indicative of a late-stage organization that has passed its prime (and they may not even know it yet).

Then how do you know that is happening?

Look at the last 5-10 years of your business. Also examine how many leadership changes have occurred. That is another indication of internal spending illusion.

“Internal spending illusion occurs when you naturally lean on the state of your finances (on the high side) and ignore warning signs coming from external quarters.” - Seth Campbell

History is full of those who leaned on their financial market share strength while others gained ground and eventually picked up.

People are the only way you get anywhere. *The answer is always in a who.*

How do you get operations to keep up? Get a better operations leader.

How do I get finance to keep up? Get a better finance person.

The answer is always in a who.

Instead of leaning on your “Number 1” status, think of how to keep the aggressive entrepreneurial people that got you there engaged and producing.

Mind you, these guys are not an entrance to scale; *they need to continue to scale.*

To continue scaling is more difficult than when you started.

The early entrance needs more rules, the late-stage continued scale company needs fewer rules.

Early-stage needs more experimentation, late-stage needs less experimentation but more innovation around the primary things - *this is where many tend to misstep.*

Remember, if you’re in this rare environment of having scaled before, you need to bring innovation... not on something different... but on what got you there. That’s the formula.

Scaling, whether entrance or late stage, you’re still in the three-legged race - sales, operations, and finance. It never stops.

If you enjoyed this episode and want to hear more from Seth as he explores the intricacies of business growth – and shares it freely on the show, please [subscribe](#) to The Seth Campbell Podcast.

Discussion Guide:

1. As a solopreneur, team leader, or head of an organization, where do you stand in the three-legged analogy (operations, finance, or sales)? Which of these is upfront and which ones are lagging?

2. Which of the quick corrective actions can you use to tackle your challenge in the three-legged race to scale? Be as specific as possible.

3. As a leader what can you proactively do to keep all three legs of your organization moving in conjunction with one another?

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