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BOARDROOM REFLECTIONS

When Growth Becomes the Enemy

Fighting fires with Erica Hansen — the illusion of progress, and the friction that precedes every collapse.

By **Ravi R. Iyer, MD**



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Fighting fires with Erica Hansen The Illusion of Progress

“Things just seem a lot harder than they should.” That single sentence may be the most dangerous signal in business, and the most ignored. In a recent conversation with turnaround specialist Erica Hansen , a veteran of over three decades in business transformation, one truth became uncomfortably clear: companies rarely collapse from sudden failure, they decay through tolerated friction.

What executives often celebrate as growth is, in many cases, the silent accumulation of misalignment.

Insight #1: Friction Is the First Financial Metric

Before revenue drops, before margins compress, before cash disappears, friction rises.

- Communication becomes strained
- Data loses integrity
- Processes become manual, inconsistent, or ignored
- Teams become busy, but not productive

In Hansen's words, companies begin to feel "harder than they should."

- This is not an operational inconvenience, it is a strategic
- warning signal.

> BOARDROOM TAKEAWAY
> If execution feels heavy, the system, not the people, is failing.

Insight #2: Growth Exposes, It Doesn't Fix

Growth is often mistaken for validation. In reality, it is a stress test.

As complexity increases, more customers, more transactions, more people, every hidden flaw is amplified.

Hansen describes it vividly: scaling a broken company is like trying to untangle "a bowl of wet noodles."

Growth doesn't create problems. It reveals the ones leadership chose not to see.

> BOARDROOM TAKEAWAY
> If your infrastructure (people, processes, systems) isn't evolving at the same pace as your growth, you are not scaling, you are stretching toward failure.

Insight #3: The Denial Pyramid of Leadership

Perhaps the most powerful framework from our discussion is what Hansen calls the "We're Fine Denial Pyramid." It progresses through four stages: 1. D1 – Manageable Noise - Small, isolated issues. Easily dismissed. 2. D2 – Pattern Blindness - Recurring problems, but no recognition of systemic failure. 3. D3 – Firefighting Mode - Leaders know there's a problem, but are too overwhelmed to address it. 4. OS – Organizational Saturation - Crisis. Lawsuits. Customer loss. Talent exodus.

At each level, cost increases, time to fix expands, and options narrow.

> BOARDROOM TAKEAWAY
> Denial is not a mindset, it is a scaling risk multiplier.

Insight #4: Leaders Don't See the Problem, For Three Reasons

- Why do smart executives miss obvious dysfunction?

- Hansen outlines three realities:

Too close: “In the trenches… can’t see the forest for the trees.” Too far: Operating at altitude, disconnected from execution friction Mismatched capability: Leaders lack experience for the level of complexity they now face

This creates a dangerous paradox:

The company outgrows the leadership’s operating model before leadership realizes it.

Insight #5: The Most Expensive Word in Business, “Why”

In distressed companies, leaders often ask:

> *How did we get here?*

But Hansen reframes the moment with brutal clarity:

> *Further down the pyramid, it’s not about why, it’s about how… and when do we start?*

At scale, reflection delays action, and delay compounds cost.

> BOARDROOM TAKEAWAY
> The longer leadership debates causality, the faster the organization approaches irreversibility.

Insight #6: The Iceberg of Misalignment

Boards often focus on what is visible:

- Missed targets
- Customer complaints
- Cash pressure
- Execution delays

But these are symptoms.

Below the surface lies the real problem:

- Broken systems
- Misaligned strategy
- Wrong people in critical roles
- Poor information flow

Hansen calls this the “Iceberg of Misalignment.”

Fixing symptoms is like “putting a band-aid on a gaping wound.”

> BOARDROOM TAKEAWAY
> If you keep solving the same problem repeatedly, you are treating symptoms, not structure.

Insight #7: Sacred Cows Kill Scale

Every struggling company protects at least one of these:

“That’s how we’ve always done it.○○○ “I built that process.” Loyalty to underperforming people in critical roles These are not cultural artifacts. They are growth inhibitors disguised as values.

> BOARDROOM TAKEAWAY
> If a process, person, or belief cannot be challenged, it is already costing you.

Insight #8: Cash Is Not the Problem, It’s the Outcome

Distressed companies often say they have a “cash problem.” They don’t.

They have:

- Inefficiency problems
- Structural problems
- Decision problems

Cash is simply where the damage becomes visible.

As Hansen puts it:

> *You’ve outgrown your current structure.*

The End State: What Healthy Scale Actually Looks Like

A transformed organization does not feel “fixed.” It feels self-aware.

- Continuous “temperature checks”
- Early detection of friction
- Alignment across people, processes, systems
- Teams trained to self-correct

> It is not stability, it is adaptive equilibrium.
> Final Reflection: The Boardroom Question That Matters

At some point, every executive must confront a choice:

> *Do you want to be right, or do you want to be workable?*

- Because in the end, companies don’t fail from a lack of
- intelligence.

They fail from unwillingness to confront what they already feel.

Boardroom Soundbites

- “Friction is the earliest financial signal.”
- “Growth doesn’t fix, it exposes.”
- “Denial is a scaling strategy, until it isn’t.”
- “If execution feels hard, your system is broken.”
- “You don’t have a cash problem, you have a structure

- problem."

Watch the entire podcast episode here:

https://www.youtube.com/watch?v=z1rLKwBUpjc

ABOUT THE AUTHOR

Ravi R. Iyer, MD, is a physician-scientist, entrepreneur, author, and 5x TEDx speaker who has spent four decades exploring a deceptively simple question: What makes human beings, and the organizations they create, perform at their best? A Harvard-trained physician, corporate strategist, and the founder of multiple healthcare and performance ventures, he is the creator of Neuroalignment, a framework for building high-performance organizations around the realities of human cognitive diversity. His work sits at the intersection of biology, leadership, technology, and human behavior. Boardroom Reflections is where those worlds meet.

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