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EXECUTIVE INSIGHT
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Your Company Is Still Growing. But Its Performance Model Is Already Breaking

Revenue can keep growing while margins, cash conversion, decision speed and accountability deteriorate.



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Contents

INSIDE THIS EXECUTIVE INSIGHT

EXECUTIVE PREMISE

Growth is usually treated as proof that a company is working. That assumption becomes dangerous when the company is scaling faster than the management system beneath it.

Growth is not proof that the management system still works	03
Growth can become a false positive	03
The performance model is the missing layer	04
When complexity outruns performance capacity	05
Five fractures appear before the P&L looks broken	06
Reset before you restructure	07
A coordinated performance-model reset	08
A focused 90-day start	09
The central conclusion	10

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EXECUTIVE SUMMARY / WHY NOW

Growth is not proof that the management system still works

Growth is usually treated as proof that a company is working. That assumption becomes dangerous when the company is scaling faster than the management system beneath it. Revenue can continue to rise while margins dilute, working capital expands, decisions slow down, accountability blurs and more exceptions return to the founder or CEO. The business still looks successful from the outside, but its performance model is already losing control of the economics.

This matters particularly in a fast-growing environment such as Viet Nam, where market expansion can mask internal weakness for longer. ADB projects 7.8% growth for Viet Nam in 2026 in its September outlook, while the OECD has stressed that domestic firms need to scale with stronger productivity and capital allocation. The management question is therefore not whether to keep growing. It is whether the company has a performance model capable of converting that growth into cash, returns and repeatable execution.

MANAGEMENT IMPLICATION

Owners, boards and CEOs should treat rising coordination effort, cash absorption and decision latency as early performance signals - even while revenue is still increasing.

The central question is whether business complexity is increasing faster than the company's capacity to measure, decide and act. VIET TA calls the gap between those two curves the Scaling Gap. It is where growth starts to create operational friction faster than management can convert it into disciplined economic performance.

Growth can become a false positive

A company can outgrow its management system before it outgrows its market. That is why the first visible sign of a scaling problem is often not falling revenue. It is rising friction. Sales teams promise exceptions that operations must absorb. Procurement buys ahead of demand because forecasts are unreliable. Finance reports the consequences after the month has closed. Managers spend more time coordinating across functions, yet fewer decisions are truly owned. The founder or CEO becomes the integration mechanism because the organisation itself no longer integrates reliably.

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Top-line growth can hide these problems because volume creates cash inflow, absorbs fixed cost and keeps people busy. It also creates a compelling narrative: more customers, more employees, more sites, more product lines. But the economic quality of growth can deteriorate long before growth itself stops. Gross margin can leak through discounting and complexity. Inventory and receivables can consume cash. Capex can rise without equivalent productivity. Management layers can multiply without shortening decisions. What looks like momentum can therefore include a growing amount of unmanaged performance debt.

This distinction matters in Viet Nam now. The country remains on a strong growth path, and scale is itself an important economic objective. ADB's September 2026 outlook raised Viet Nam's growth forecast to 7.8% for 2026 and 7.6% for 2027. The OECD has also argued that helping domestic firms scale can raise productivity through economies of scale, while warning that declining capital productivity points to resource misallocation. The implication at company level is straightforward: growth is valuable only when the management system can preserve economic discipline as complexity rises. [1][2]

MANAGEMENT IMPLICATION
Do not ask only whether revenue is growing. Ask whether each additional unit of growth is improving or consuming margin, cash, management capacity and strategic freedom.

The performance model is the missing layer

Most companies have a business model and, at least on paper, an organisation chart. Many do not have an explicit performance model. VIET TA defines the performance model as the management system that converts strategy and growth into economic results: the way the company makes unit economics visible, assigns accountability, distributes decision rights, reviews performance, allocates capital and management time, and links consequences to results.

This is different from an operating model. An operating model describes how work is organised. A performance model governs how management knows whether that work is creating value, who is responsible when it is not, and how quickly the company can decide and correct. In a small company these mechanisms can sit in the head of the founder. Informal coordination is fast because the number of interfaces is limited. As the company grows, that same informality becomes a bottleneck.

Research on management practices supports the basic proposition that structured management matters economically. Work by Bloom, Van Reenen and co-authors has

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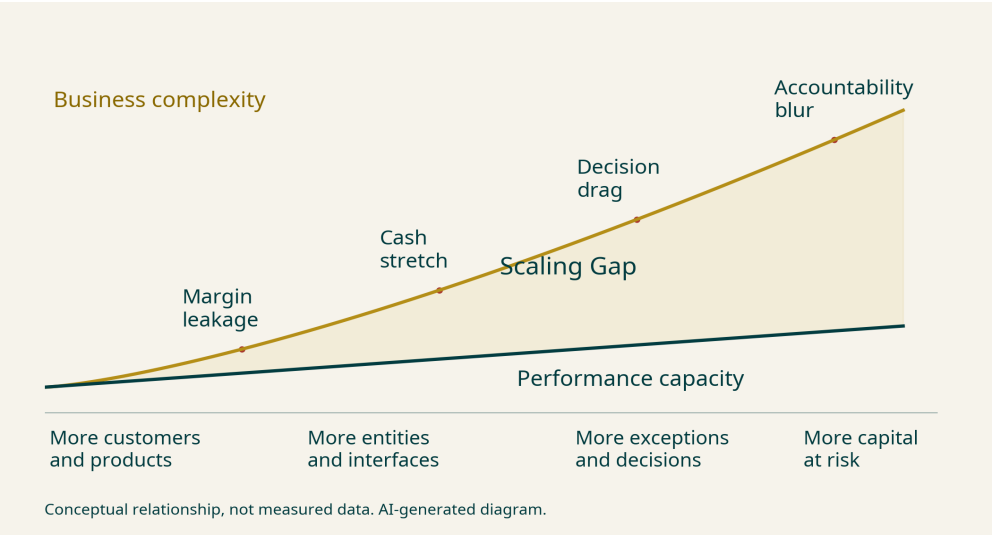
repeatedly found strong associations between management practices and productivity, profitability, sales growth and survival. Later work models management itself as a form of organisational capital with meaningful adjustment costs.

The practical conclusion is not that every company needs bureaucracy. It is that management capability must be built deliberately as the business becomes more complex. [3][4]

When complexity outruns performance capacity

Scale does not add complexity in a straight line. Each new product, channel, legal entity, geography, customer segment and management layer creates additional interfaces. Those interfaces generate decisions, exceptions and trade-offs. The critical question is whether the company's performance capacity expands at the same rate. The problem is not complexity itself. It is the widening distance between the complexity the business creates and the capacity of its management system to control it. The first consequences often appear not as a collapse in revenue, but as margin leakage, cash stretch, decision drag and accountability blur.



AI-generated diagram for explanatory purposes.

The gap is initially absorbed by management effort. Senior people join more meetings, resolve more exceptions, request more analyses and intervene further down the organisation. For a while, that works. It is also precisely why the deterioration is easy to miss: the company is compensating for a weaker system with more executive attention.

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But management attention is finite. Once the exception load grows faster than leaders can absorb it, decision speed and economic control deteriorate together.

This is the point at which additional growth can become self-defeating. The company may still win customers and add revenue, yet each increment requires more working capital, more coordination and more senior intervention. The relevant question is therefore not whether the organisation can handle today's volume. It is whether the performance model can handle the next layer of complexity without consuming disproportionate cash and management capacity.

Five fractures appear before the P&L looks broken

The performance model rarely fails in one dramatic event. It fractures across connected management mechanisms. The pattern is more informative than any single KPI.

1. Economics become less visible

Revenue is still reported cleanly, but profitability by product, customer, channel or project becomes harder to explain. Managers debate allocations instead of economics, and loss-making complexity survives because the company can still fund it.

2. Accountability becomes collective

Several executives are involved in a result, but no one owns the corrective action end to end. Meetings produce alignment language without closure. Problems move horizontally across functions or vertically to the CEO.

3. Decision latency rises

More decisions require escalation because authority was never redesigned for scale. Senior leaders become approval points for routine issues, while genuinely strategic decisions compete for the same attention.

4. Cash decouples from growth

Inventory, receivables, advances, project work in progress or capex rise faster than the earnings they are meant to support. The company can still report growth while financing a widening gap between accounting performance and cash reality.

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5. Performance routines become descriptive

Monthly reviews explain what happened rather than decide what must happen next. KPIs multiply, but the few measures that should trigger intervention are not linked to named owners, deadlines and consequences.

KEY INSIGHT

The early warning is not a bad month. It is the repeated need for senior management to compensate manually for a system that no longer allocates information, decisions and accountability reliably.

These fractures should not be treated as five separate problems. They are different manifestations of the same underlying failure: the performance model has not scaled with the business.

Reset before you restructure

When these fractures appear, the instinctive response is often to reorganise: add a CFO, split a business unit, create another layer, install an ERP, launch a cost programme or introduce more KPIs. Any of those actions can be right. None of them is a substitute for deciding what the performance model must actually do.

A restructuring changes boxes and reporting lines. A performance-model reset changes the management logic. It starts with economic truth: where does the company earn an acceptable return, where does it consume cash, and which complexity is strategically justified? It then aligns accountability and decision rights to those economics. Only after that should management formalise review routines, information flows, incentives and systems. Digitising unclear accountability produces faster confusion. Adding management layers without decision clarity produces slower confusion.



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Growth becomes a management problem when senior attention is increasingly consumed by exceptions the performance model should resolve.

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The objective is not centralisation. Nor is it decentralisation for its own sake. The objective is controlled decision speed. Routine decisions should sit at the lowest competent level with clear limits. Exceptions should travel through defined escalation rules. Strategic trade-offs - capital allocation, portfolio choices, pricing architecture, major customer exceptions, investment and financing - should remain visible at the level that can judge the whole company.

The board and owners have a specific role here. They must decide what economic outcomes matter, what risk limits are non-negotiable and which decisions cannot be delegated. Management then builds the operating discipline underneath those choices.

DECISION PRINCIPLE
Do not redesign the organisation first. Redesign the economic and decision logic first, then make structure, systems and incentives serve it.

A coordinated performance-model reset

The reset should be treated as one management programme, not as a collection of functional initiatives. Sequence matters because later steps depend on earlier clarity. First make economics visible; then clarify accountability and decision rights; then shorten decision latency and install a forward-looking performance rhythm; finally reallocate capital, incentives and management time according to economic value. The company should not automate a reporting process before deciding which economics matter, and it should not change incentives before accountabilities are stable.

SEQUENCE MATTERS

Sequence	Performance-model reset
1	MAKE ECONOMICS VISIBLE
2	CLARIFY ACCOUNTABILITY AND DECISION RIGHTS
3	SHORTEN DECISION LATENCY INSTALL PERFORMANCE RHYTHM
4	REALLOCATE CAPITAL, INCENTIVES AND MANAGEMENT TIME

AI-generated diagram for explanatory purposes.

The final step is the one most often avoided: reallocation. Once economic visibility improves, management must act on what it learns. That can mean stopping products, repricing customers, changing service levels, releasing working capital, reducing management layers, postponing capex, or moving capital toward businesses with

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better returns. If the information improves but resource allocation does not change, the company has built a reporting system, not a performance model.

A focused 90-day start

A full performance-model transformation can take longer than three months. The indicative 90-day start below should nevertheless change the quality of management visibly. The objective is not to perfect every process. It is to establish economic truth, remove the most damaging decision bottlenecks and create a management rhythm that forces action and closure. The first 90 days therefore do not begin with a generic transformation programme. They begin with the fractures already visible in the business.

Phase	Management work
Days 1-20 DIAGNOSE	Economics visible Decision bottlenecks identified Critical accountability gaps exposed
Days 21-35 DECIDE	Target performance model chosen Named owners and decision rights Stop/go priorities
Days 36-75 EXECUTE	New management routines Resource and decision shifts Critical exceptions closed
Days 76-90 MEASURE & EMBED	Outcome metrics active Corrective-action cadence New governance rhythm operating

Day 90 test: management can see economic deviation earlier, decide faster and close corrective actions with named ownership.

AI-generated diagram for explanatory purposes.

By day 90, management should be able to answer a small set of questions without creating a special analysis. Which customers, products, sites or projects create and destroy economic value? Where is cash trapped? Which decisions are waiting for senior approval and why? Which performance exceptions are open, who owns them and when will they close? Which investments remain justified under current economics?

The metrics should be equally concrete: gross-margin bridge, contribution margin where relevant, cash conversion, inventory and receivable days, return on capital or project cash profile, decision turnaround time, overdue corrective actions, and the number of recurring exceptions escalated to senior management. The point is not a

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larger dashboard. It is a shorter feedback loop between economic deviation and management action.

The central conclusion

The dangerous moment in a growth company is not when performance has already collapsed. It is when growth still looks healthy enough to delay the management redesign that scale now requires.

A company that waits until revenue stalls or liquidity tightens has fewer options. By then, the organisation may need emergency cost reduction, refinancing, asset sales or a formal restructuring. A company that acts earlier can make the same underlying corrections while it still has market momentum, credibility with lenders and employees, and time to choose rather than react.

For owners, boards and CEOs, the practical test is therefore simple: if growth requires more management intervention per unit of revenue, if cash and margin are becoming harder to explain, and if decisions repeatedly return to the top, the company should not congratulate itself on scale. It should treat those signals as evidence that the performance model needs to be rebuilt.

Growth should increase strategic freedom. If growth is instead consuming cash, attention and decision capacity, the problem is no longer how fast the company can expand. It is whether the company can still convert expansion into value.

FINAL TAKE-AWAY
Reset the performance model while the company is still growing. Early action preserves the ability to choose where to invest, what to stop and how to scale - before the balance sheet and operating reality make those choices for you.

Source notes

[1] Asian Development Bank (2026). Asian Development Outlook, September 2026. Developing Southeast Asia, Viet Nam, pp. 198-200.

[2] OECD (2025). OECD Economic Surveys: Viet Nam 2025. Chapter 4, sections 4.6-4.7.

[3] Bloom, N. & Van Reenen, J. (2007). Measuring and Explaining Management Practices Across Firms and Countries. Quarterly Journal of Economics, 122(4), pp. 1351-1408.

[4] Bloom, N., Sadun, R. & Van Reenen, J. (2016, revised 2017). Management as a Technology? NBER Working Paper 22327.

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