You approved each of the managers' action plans, and a year later most of the managers were reporting that their initiatives had been successful in addressing the problems and opportunities they had identified a year ago. However, overall company performance continues to be lackluster and shows no signs of improvement. You are confused and starting to question your leadership capabilities and approach to change. What are you going to do to improve the performance and effectiveness of your company?

Bloomberg Businessweek Case in the News

[LO14-1, 14-2, 14-3, 14-4]

Years of Chaos and Fail Whales Didn't Stop Twitter. Now the Company that Couldn't Kill Itself May Be About to Take Flight.

Life inside successful Web startups—especially the really successful ones—can be nasty, brutish, and short. As companies grow exponentially, egos clash, investors jockey for control, and business complexities rapidly exceed the managerial abilities of the founders.

Venture capitalist Peter Fenton calls this phenomenon "the violence of a startup." And nowhere has the violence been fiercer, or more public, than at a company Fenton invested in and has helped to guide: Twitter.

Throughout its first five years of existence, Twitter always seemed on the verge of committing some excruciating form of startup *seppuku.* There were constant service outages (epitomized by the ubiquitous "fail whale" cartoon message), an embarrassing security breach in 2009 that released a torrent of internal documents, and nonstop departures of key employees. The *pièce de résistance* was the turmoil at the top: Twitter had three chief executive officers in as many years. That drama culminated with the promotion of serial entrepreneur and former Google executive Dick Costolo as CEO in 2010 and the return last year of one of Twitter's founders, Jack Dorsey, as executive chairman and product chief.

Now something freakish is happening in San Francisco. Twitter, which for years treated the responsibility of earning money as an annoying distraction, may be turning into a viable business. The company has added seasoned executives, pushed its unique symbology like the hashtag (#) and at-symbol handle (@) into the mainstream, and rolled out new advertising products to the delight of big brands such as General Motors and Budweiser, which advertised heavily on the microblog service during this year's Super Bowl. Twitter is on pace for revenue of $260 million in 2012, according to research firm eMarketer. That may be an insignificant fleck on the windshield of rivals Google and Facebook, but it's a sign that Twitter is becoming a plausible contender for the online budgets of the world's top advertisers. "Our ad business is only about 18 months old," says Satya Patel, Twitter's product vice president and, like about 90 of its colleagues, a former Googler. "2011 was the year we began scaling it. And 2012 is the year when we demonstrate that it's a juggernaut."

In the past, Twitter's too-cool-for-revenue attitude enhanced its Silicon Valley mystique. The company still tries to maintain that ethos—its stated mission is "to instantly connect people everywhere to what is most meaningful to them." But really it's jumping headlong into competition for advertisers' Internet budgets. Twitter has also aligned itself closely with Apple, thanks in part to the connections of its chief financial officer, Ali Rowghani, a former CFO of Pixar Animation Studios, the late Steve Jobs's other company. Apple has coded quick access to Twitter into the operating system of the iPhone, iPad, and soon, its desktop PCs and laptops. This will make it far easier for users of Apple devices to join Twitter and reflexively contribute to the service.

Then there's Twitter's management of the hashtag, which is increasingly trumping the clunkier Web URL and even the Facebook profile page as a short, handy identifier for companies and politicians. Before the State of the Union address in January, the White House released a transcript of the speech annotated with hashtags for different subjects. During this year's Super Bowl, 8 out of 42 TV advertisers included a Twitter hashtag in their commercials. Last year only one, Audi, did so.

Brands are using the hashtag in part because it links them directly to an intense and nonstop online conversation. Although still relatively small with 100 million active users (compared with Facebook's 800 million-plus members), Twitter has become the pulse of a planetwide news organism, hosting the dialogue about everything from the Arab Spring to celebrity deaths.

Costolo, 48, is as responsible as anyone for Twitter's maturation. He expanded headcount from 45 to nearly 900 and helped his team develop an irony-free—or at least less ironic—sense of mission. Asked for the