

The difference between businesses that compound and businesses that just grow.

By Rahul Jindal

“Growth is what happens when the wind is at your back. Compounding is what happens when it isn't.”

P · O · N · D · E · R

Each property is independent of the others, and each is a leading indicator. A business that scores well on all six tends to compound. A business that scores well on five out of six tends to look great until the missing one becomes the binding constraint.

P

Products people pay for the second time

A product earns the right to charge by being exceptional first. The second purchase is the only honest signal of love.

What it requires

Product Love over monetization rush. Bug-free. Edge cases handled. The kind of detail that makes a user tell a friend without being asked.

Watchout

Vanity metrics that count first downloads instead of repeat opens. Discount-driven re-purchase looks like love but isn't.

The Tuesday test

Of the customers who paid you anything this quarter, what fraction has paid you before?

Where is that number trending?

The second purchase test →

O

Organizations that are adaptive

Speed of absorption beats speed of execution. The org that retires its own workflows fastest wins the AI decade.

What it requires

Three organs. Purpose (the operating system beneath structure). Metabolism (the structural rate of change). Immunity (how change gets absorbed without rejection).

Watchout

An "adaptive" org that's adapting to noise. Without Purpose, every change is a strategy change, and the team learns to ignore them all.

The Tuesday test

When the org last adopted a fundamentally new way of working, how long from "leadership decided" to "frontline is routinely doing it"?

N

Narratives that survive contact with the org

Strategy doesn't fail in the deck. It fails in the third retelling. The narrative that compounds is the one that gets told without the deck.

What it requires

Short enough to repeat. Specific enough to act on. True enough that a frontline IC can verify it from their own desk on a Tuesday morning.

Watchout

Narratives that read brilliant on a slide and dissolve at the manager-of-managers layer. Most do. Leadership rarely sees the dissolve because they only ever hear the deck retold back to them.

The Tuesday test

Ask three random ICs "what is this team doing this quarter and why?" Do they say something close to the official story, in their own words, without prompting?

D

Durable capabilities that outlive their builders

A capability is real only when the next leader inherits the muscle, not the person. Heroic capabilities aren't capabilities. They're concentrated risk wearing a cape.

What it requires

Documented (the next person can pick it up cold). Practiced (the team has done it together, not just read it). Measured (the dial has a name and a number).

Watchout

Tribal knowledge dressed up as institutional knowledge. The wiki page exists. Nobody works from it. The capability lives in two heads and one Slack channel.

The Tuesday test

If the founding builder of capability X took six months off, what survives at day 90, and what quietly stops?

E

Execution that has no substitute

Execution eats strategy for breakfast. The strategy you can execute weakly beats the strategy you can't execute at all.

What it comprises

- **Cadence**

Weekly review beats quarterly. Daily dashboards beat weekly. Compounding requires frequency, not intensity.

- **Bias to ship**

Eighty percent in market beats one hundred percent in slides. Reality teaches faster than the room.

- **Owner clarity**

Every commitment carries one name and one date. Ambiguity is the silent tax that compounds against you.

- **Decision velocity**

Time from "we need to decide X" to "X is decided" is a measurable, defensible KPI.
Track it like revenue.

- **Closed loops**

Ship, measure, adjust, in calendar weeks, not quarters. Open loops rot.

Watchouts

- **Motion mistaken for progress**

Shipping noise that doesn't move the metric the org actually cares about. Velocity is not a strategy.

- **Hero culture**

Relying on individuals who burn out. Heroes hide system gaps. The system fails when the hero leaves.

- **Strategy drift**

Execution becomes the strategy because nobody re-examines the plan. The team is busy. The team is lost.

- **Premature optimization**

Polishing what doesn't yet have product-market fit. Beautiful versions of the wrong thing.

- **Cadence without honesty**

Weekly reviews that never name the thing that's broken. The ritual exists. The signal doesn't.

R

Revenue that holds through a bad year

Revenue earned in a tailwind isn't revenue. It's borrowed momentum. The honest number is what survives a market that turns.

What it requires

Recurring economics. Customer concentration discipline. Pricing power that doesn't depend on novelty. Gross margin that doesn't break under stress.

Watchout

Revenue charts that mirror the funding environment instead of the customer. When the environment turns, the chart turns with it.

The Tuesday test

Pick the variable for next year's bad year (spending pulled back, hiring frozen, your category cools, AI hype rotates). What fraction of this year's revenue still shows up?

The bad year test →

Score yourself on the six

Pick the letter you're weakest on. That's the binding constraint on your next year of compounding.

Second purchase test**Bad year test**

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