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Right map will let you successfully navigate rocky path to profitable growth

Profitable growth is one of the biggest challenges an organization faces. It is increasingly difficult and always necessary. The promise of it drives value and investor confidence. Achieving it stimulates employees and inspires them to even greater creativity and productivity—which in turn drives more growth.

GUEST COLUMN



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Why is growth so hard? Growth often requires new initiatives. It may mean entering a new market, developing a new product, or even creating a new business model in a tired no-growth industry.

Doing something new usually brings change. And change is hard. Successful growth requires great insight into market-driven opportunities, disciplined decision-making, serious commitment, and knowledge of how to manage change.

Clearly define the opportunity: Before framing your vision for growth you need an intimate and deep understanding of the environment in which it will take place. Growth plans are for-

ward thinking and by necessity, rely on assumptions.

Those assumptions can be valid only if based on a strong foundation of data about the market as it exists today and an understanding of the trends that are relevant for tomorrow. It is not uncommon to see companies forecasting the future based on the past.

Two key questions every company needs to ask are: "Do I have enough good information about my market?" and "Do I understand the implications for my business?" Many operations are much more focused on production than identifying customer needs. To protect your customer position, always know what you do best and what the gaps are, and work with your customers to fill the gaps.

Establish consistent and relevant decision criteria: Every decision presents tough choices. None harder than strategic choices, which by definition force you to choose one option over others even though many may seem appealing.

How do you decide? By understanding the economic and operational drivers of the business and building those into objective decision criteria. How do you choose the criteria? Decide what matters most to you. Short- or long-term profit? Keeping best customers or adding new ones? Revitalize tired products or develop new ones? Consider criteria such as: potential profit, expected market share, alignment with capabilities, and risk exposure.

Having decision criteria allows decisions to be made as

objectively as possible. It doesn't factor out experience, but it does take out emotion. And it allows you to communicate the rationale behind every decision eloquently and clearly while encouraging good decision-making discipline throughout the organization by modeling the behavior.

Demonstrate strong commitment to the plan: Many studies site the lack of execution of growth plans as the No. 1 cause of their failure. In Norton and Kaplan's well-known book, *The Strategy Focused Organization* they share that, to the 275 portfolio managers surveyed, strategy execution is more important than the quality of the strategy.

Because plans are developed in real time but executed over time, every plan will find that some of the assumptions on which they are founded will change, or they will face unexpected stumbling blocks. That is reality. The issue is what you do when you get to the tough times.

Only a deep commitment to the vision for growth will keep a harried executive driving forward on the plan, identifying contingencies if the first approach doesn't work, and motivating the executive team to achieve the goal.

The passion factor plays an important role in success. Management teams committed to making something work find a way in the face of seemingly overwhelming odds to get it done. After you have secured good information and used it to make an objective determination of which choices fit your crite-

ria, pick the plan that you can really commit to.

Manage change effectively: Most growth plans bring change and managing change successfully can make the difference between a successfully executed growth plan and just another good idea. According to John P. Kotter, a professor of leadership at Harvard Business School and author of *Leading Change*, the biggest mistake made when trying to change organizations is not establishing enough sense of urgency in the team required to lead it. Another key variable in successful change is making sure everyone knows what is expected of them.

Communication is one of the most powerful components in a successful growth strategy. All key stakeholders need to understand the strategic direction and what they are expected to contribute. There is no such thing as overcommunicating during a change initiative.

To encourage all stakeholders to climb on the bandwagon, establish the opportunity for early wins. Be able to demonstrate, even if it is in modest ways, that this growth plan WILL work and it is not just the growth plan "du jour."

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