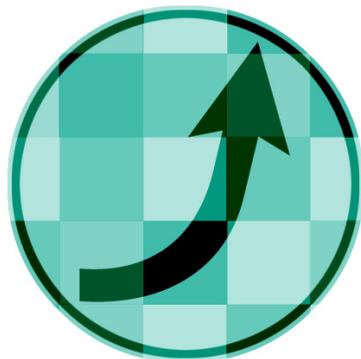


CREATING GROWTH

A guide explaining how to create sustainable growth in your company



Part 1. Where to look for growth?

Inventis
STRATEGIES

How can your company find growth?

Growth is the lifeblood of companies. It's what drives business and when obtained year-over-year, it can stabilize an organization's future. It also can be one of the hardest things to achieve especially in today's highly competitive choice-filled world.

The National Center for Middle Markets has estimated that 50% of middle market companies expect to grow in 2016. Which means of 200,000 companies whose revenue is categorized between \$10 million to \$1 billion, 100,000 of those companies have found a formula to grow.

It also means that 100,000 have not. Surely, those companies have aspirations to grow. So why are they hedging their bets assuming that growth is out of reach?

"The Middle Market is projecting slower but sustained growth."

I N S I G H T

Projected Revenue Growth for the next 12 months

3.7%

Revenue Growth over the last 12 months

6.1%

National Center for Middle Market
4Q 2015 Middle Market Indicator

Our company does not require growth! Pardon?

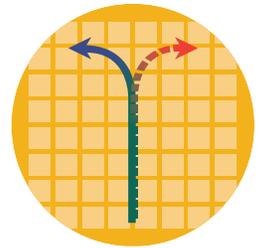
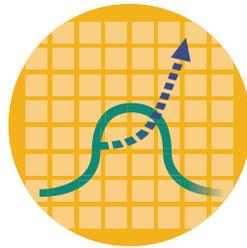
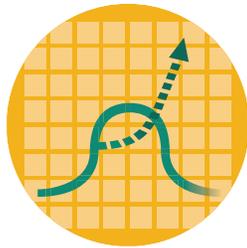
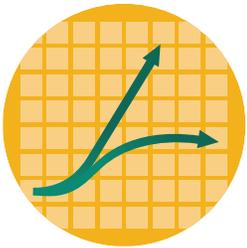
Some companies believe that growth isn't a requirement or necessity. They may be leading their competitors and as a result believe their future is secure. Alternatively, they may believe they have attained the lion share of the market and are satisfied with minimal to no growth. There are even some companies who have grown their business to a comfortable size where it yields enough income to satisfy the needs of the organization and ownership, thus accepting status quo.

In today's market, innovation and new ventures disrupt every category. To believe and operate in any one of these ways is an illusion if not worse, that's detrimental to a company's future.

Established market leaders often find themselves losing market share and revenue as a result of behaving in this manner, often becoming stagnant or replaced by competition because they were not appropriately positioned to grow with the ever changing needs of their customer.



Finding growth isn't tricky. You just need to know where to look.



If we can accept that growth is a necessity to survive, how do we find it? Most companies allocate resources at some point in their fiscal year to determine where growth will come from. These discussions quickly yield plans filled with ideas designed to drive growth and take from budgets with hopes of producing a return. Some companies spend more energy on the tactic they believe will create growth versus researching the best market and developing the right strategy to ensure success. Unfortunately, data shows 100,000 middle market companies regardless of their efforts, investments or tactics, will either remain flat or worse...decline.

So where can growth be found?

Answer: there are typically four generic approaches to create growth for a company followed by one very large requirement to ensure those approaches create growth.

4 Generic Approaches to Create Growth: Ansoff Product and Market Growth Matrix (Ansoff Matrix)

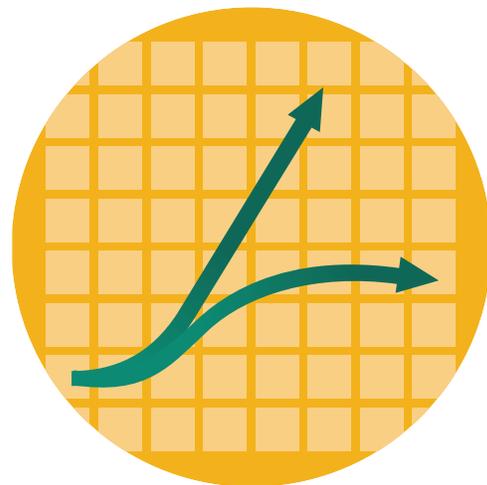
Approach 1:

Accelerate Market Penetration

AKA: Sell more to the same market segment

Go after the low hanging fruit. This approach may seem obvious, but companies that are searching for growth often overlook the opportunity in their own backyard and look elsewhere before exhausting their own market opportunity. They assume that they have maximized their share of the market or have secured a stable base of customers in their target market and thus start to look outside for opportunity.

Gallup Poll has a warning for companies that think this way. In their recent B2B organic growth study of 2-16, they found that 71% of B2B customers were indifferent or disengaged with the company who provides them their current products and service translating to low levels of brand loyalty. Which means if you are a B2B company, there is a good chance your customer base is not secure. The good news is neither are your competitors'. This illuminates your great opportunity, that is after you secure your customers.



I N S I G H T

Growth that stalls from your current customer segments may be a result of your overall product and message not fitting the customers needs, a mature or declining market or a better solution has come to market. Researching and defining market segments helps guide your products, services and proposition so they better meet customer needs and result in accelerated market penetration thereby creating hockey stick growth.



Approach 2:

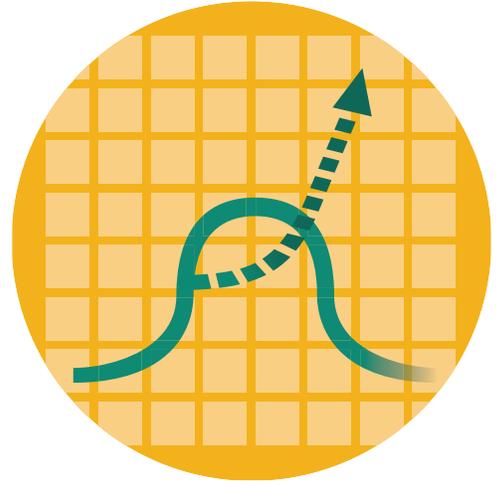
New Market Development

AKA: Sell what you sell to a new market

This second approach is effective when several indications are present. One, a company may have the lion share of their current market and explore new markets for additional growth. Two, the new market may have less competition and therefore entering that market will create the potential for easier customer acquisition. Three, the new market may be a better fit for a company's products in comparison to their core market. In each case Product-Market fit is required in order to have the desired results when entering this new market.

The first step is to identify key new markets and position their products and services to address these new customer segments.

While the operational approach may be similar, the strategies to grow in these new market segments with existing products and services will require some tailoring to address the difference that comes with new customer types.



I N S I G H T

As the growth curve slows and you begin to explore other market opportunities. Understanding the needs of new markets is necessary to improve your chance for effective customer engagement and success. New markets, whether in or outside your core industry, may have different motivations, ways to communicate and overall goals that your products, proposition and approach will need to reflect in order to gain interest from these prospects.



Approach 3:

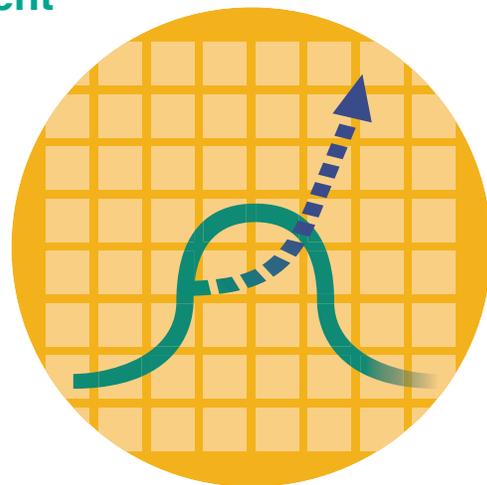
New Product Development

AKA: Sell something new to your market segment

Companies that have a strong and secure relationship with their customer segments have a better chance of understanding problems these customers are trying to resolve. This approach uses that insight to create and sell new products and services to existing customers. This results in the resolution of their problems and the start of a new growth curve.

Referring back to, Gallup Poll's B2B organic growth study of 2016, the reason why companies felt disengaged and indifferent to the companies serving them was a reflection of the relationship. While many of these B2B companies were satisfied when companies respond to their request, they felt underwhelmed and rarely saw these companies as providing pro-active solutions. These B2B companies saw value when a provider of products and services understood the issues the B2B company faced, had foresight and brought unsolicited new ideas to the table.

It can be said that any customer, whether B2B or B2C, is looking for companies that understand their needs and bring solutions to the table that go beyond expectations. When this occurs, outside thinking is the driver which creates new categories that generate new streams of revenue.



I N S I G H T

The relationship you have with your customer is coveted. Whether conducted by your leadership or an objective, independent partner, discussions with them will uncover the challenges they face. Often the relationship at the account representative level will not yield this insight. These companies want to maintain a different relationship with their representative. Account reviews at a leadership level will create the insight to develop new product and service ideas expanding the relationship. This results in a 'win win' situation for both parties.

Approach 4:

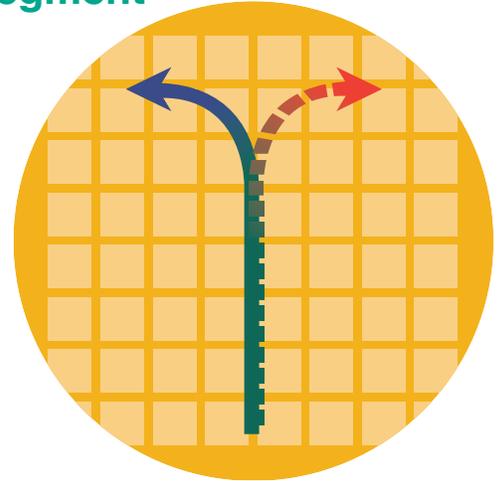
Diversification

AKA: Selling something new to a new market segment

Approach 4 typically occurs when approach one, two, and three have been exhausted. Companies who use this strategy have typically reached maturity with their products and services and cannot expand into new market segments. They may also have a customer whose needs are met and creating something new will be rejected.

There are two ways to diversify. The first is using existing resources to learn a new market segment and develop a product or service that fits unmet customer needs. This can be challenging because new segments have zero awareness of the company and product. The benefit is that innovation may succeed by addressing the needs of an underserved market. The second way is to find and acquire a company that enables immediate access to the new market segments and products. The challenge may be the cost of acquisition. The benefit is established awareness and credibility. The cost of the acquisition may be high but can result in an immediate return with established awareness, credibility, and yes trial.

Regardless of either approach, investment spending is required to drive desired results.



I N S I G H T

Any approach to grow your company is an investment in its future. The saying “you need to spend money to make it,” is true for growth. Diversification may be the most costly and difficult to achieve if you act on it late. Diversification often requires significant capital and is most effective before your company is in a downward spiral. Understanding the maturity of your products and markets is key. Moreover, it is important to have a pulse on where your customer is now and how their needs are evolving, so you and your products can keep pace before your competition leaves you behind.

Depending on a company's position in the market, its overall growth status will direct the best approach to take. The single most important requirement that makes any approach work is uncovering a market's needs before targeting. Too often a company will choose a market because they see revenue opportunities or a weak competitive set. They shift their sales infrastructure assuming the products they sell will fit this market as it does their existing market(s). Some companies luck out but most quickly learn that while their product may be right, the way they configure and present them is wrong. The results are then disappointing due to the fact that the customer perceives it as irrelevant to their needs resulting in minimal sales and success.

The Requirement: Understand The Market

Understanding a market's specific needs and how they communicate and convey their challenges are essential to delivering tailored solutions (even if they are just re-packaged products messaged differently). Tailored solutions are more desired because they speak to that market providing far more credibility and more importantly, relevancy.

After an approach is chosen, now what?

If understanding the market is the requirement to put a company on the right path then what else is necessary to drive growth? A company has to be properly equipped to apply the approaches appropriately and therefore most determine whether its team is aligned to accomplish such. A fragmented team with different ideas of how to execute an approach will fail and cost not just dollars but valuable time. Assessing a team's strength and reconfiguring it is critical for any one of these approaches to work.

If a team is aligned, and a clear picture of the market is established (the customer need and competitive set), then a team can evaluate their products, proposition and sales approach to determine if each match the needs of the new market. This insight will provide guidance to tailor or re-position any of these to better engage the customer.

I N S I G H T

In organizations that combine excellence in tactical project implementation with alignment to strategy, teams knock out projects successfully 90 percent of the time. Those that neglect strategic alignment are successful only 34 percent of the time.

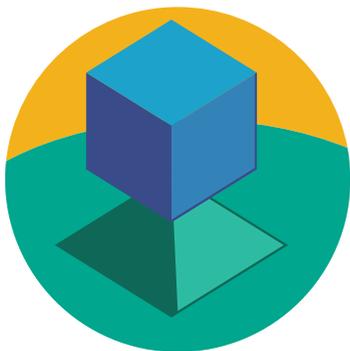
INC: Sept 14, 2014
Why Companies Can't Get Aligned and How You Can

In Conclusion: Part 1

Striving for and acquiring growth can be the most exhaustive search any company pursues. However, it is an essential for any company that desires a sustained future and can be more easily attained when the right approach is utilized.

Part 1 in our series has shown why growth is critical and the typical approaches to implement to make it possible. We also shared our belief that before any attempt is made to grow a company, focused research and strategy are essential to improve these efforts and your chance of success. ‘Shooting from the hip’ without the essential market and customer needs information is potentially risky and unproductive. Exhausting tactics without the knowledge of how to use them effectively will add unnecessary costs to your bottom line and tie up your employee efforts that could be better spent elsewhere. In today’s competitive world where customers are being conditioned to expect a personalized solution, recognition and knowledge of their needs will be the difference between meeting their expectations or not - success or failure.

Creating Growth: Part 2 How to achieve Market/Product fit



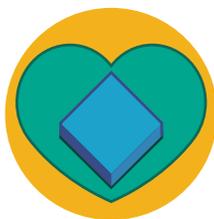
Preview: Part 2 in our next installment of Creating Growth will focus on applying insights from researching the market, competitors and customers to shape a company’s most important assets and the reason they have customers... their products.

About Inventis Strategies

Inventis Strategies partners with Mid-Sized Companies to overcome flat or negative growth due to revenue and customer decline. We solve problems in the critical areas that create sustainable growth:



PRODUCTS



BRANDS



SALES

We partner with companies in need of external resources, researched insights and strategic planning required to connect with their target market and increase competitiveness. We work with our clients to build and sustain growth by becoming an extension of their team, applying our process, and remaining focused on their success.

If your interested in learning more about how we can help your business grow, please contact:

John White

jwhite@inventisstrategies.com

215.962.2768

Or visit us at:

www.inventisstrategies.com

