

Introduction

HOW TO GET MORE OUT OF WHAT YOU ALREADY HAVE

*P*ROFITABLE GROWTH IS EVERYONE'S BUSINESS is based on living research. For the past twenty-five years I have, on a daily basis, been observing what is happening—what is working and what isn't—while it is actually happening in companies around the world.

My experiences with many of these companies have been long term—a decade or more in many cases—and the ideas I have developed for solving the growth dilemma are based on personally seeing what works in real time.

These are ideas tested across industries and that deliver results. My goal has always been to improve the practice of business by giving people tools they can put to use immediately, on Monday morning, if you will. These tools can seem like common sense, but all too often the biggest challenge in business is the translation of ideas into action. This is especially true when it comes to obtaining con-

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sistent revenue growth. The ultimate purpose of *Profitable Growth Is Everyone's Business* is to provide the tools for people in every industry concerned about the prospect of generating sustained, internally generated top-line growth.* Many people feel that their base business is being eroded by such factors as the lack of pricing power, excess capacity (too many suppliers chasing too few customers), and global competition. They are also seeing that cost-cutting and productivity improvements alone will not be enough to generate the kind of performance that will satisfy either shareholders, or, more important, the employees whose prospects depend on revenue growth generating future career opportunities. And, eventually, lack of growth makes a business uncompetitive in the eyes of customers, since without sustained revenue growth, the ability to innovate declines and a company goes into a death spiral.

Many people equate growth with—in the language of baseball—“swinging for the fences,” home runs that capture huge sales increases that will dramatically increase the size of their business. Growth is too often thought of only in big-dollar terms, breakthroughs such as the creation of a new business model, the development of a breakthrough product, the mega-merger, or a world-changing new technology. When it comes to growth, managers often think they have to “break the paradigm”; they say such things as, “If I can't get a double-digit gain by next year, it's not worth the effort.” It's all or nothing. A single or double just doesn't seem good enough.

I have talked to literally hundreds of managers over the past few years who believe this, and they all are frustrated. They are strug-

* Whenever I use the terms “revenue” or “revenue growth,” I mean profitable revenue or profitable revenue growth that uses capital efficiently.

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gling to come up with the big ideas, and far too often, to extend the baseball metaphor, they swing and miss. Or worse, they don't even swing, failing to fund new ideas because of the perception that the risk is too great.

As I probed deeper into the problem, what I began to see is that managers in many companies do not have as effective a handle as they should on the building blocks for growth and the linkages between them.

In many cases these building blocks, such as development of new products and services, an effective sales force, finding ways to understand what the customer values, and segmenting markets, have been neglected and given inadequate resources. They are, in fact, not even on the radar screen of senior management to the same degree as cost reduction has been. Imagine what would happen if the same focus was given to sources of revenue growth as has been given to programs such as Six Sigma, centralized purchasing, and moving production facilities to low-cost countries to achieve global cost parity.

To get people to take a fresh look at the fundamentals and their importance for sustained revenue growth, I would, in one-on-one meetings, ask—on a scale of one to ten—questions like:

- What are you doing to help your customers prosper?
- What is the quality of your sales force in shaping and customizing a unique value proposition for your customer?
- How effectively is your pricing tied to the attributes the customer most highly values?
- In every interaction with a customer, how well do your people extract information about customer needs? Are they relaying the information to the people who can act on it, the departments that can develop products and services to satisfy those needs?

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More often than not, when I ask these questions, the answer is on the lower end of the scale—a two, three, or four. Then the lightbulb comes on and what people begin to realize is that “we have met the enemy and they are us,” that the answer to growth is not some silver bullet but lies within the business. *They come to understand that they are missing the obvious.* There's a deep sigh of relief when they come to realize that revenue growth is within their reach. In other words, what is missing is attention to the way the fundamentals of the business have to link to each other to make growth happen. Here we are going to supply that missing link. This is not a book about shifting your strategy or changing your business model, but how you can accelerate the revenue growth of your current business.

It often comes as a revelation to many of the people I work with that revenue growth is not just the domain of the specialists—the sales force or those in charge of product development, for example. Growth is everyone's business. Just as in baseball, where everyone on the team has the potential ability to hit a single or a double, in business, everyone—and that can run the gamut from the CEO to the marketing and sales people on the front end to those who have operations and service jobs on the back end—has an opportunity to increase revenues. And, in fact, people who don't occupy the executive suite have a big vested interest in doing so. Without growth, personal opportunity is a zero-sum game, that is, for me to win, someone else in the company (usually) has to lose. With growth, the organization expands and people can build a career and a future with a company they have faith in.

In the pages ahead, I am going to show you that you can follow a more effective growth process, one based on “singles and doubles” that will cumulatively over time enable you to increase your revenues substantially.

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Singles and doubles are based on improvements or natural extensions of a business's strategy, business model, or technology. They can come from both relatively small day-to-day wins as well as adaptation to major changes in the marketplace. I am going to put this idea into context as well as provide tools that you can employ to increase your revenues and grow faster than the economy as a whole, no matter what business you are in. There are companies whose strategy is at a crossroads. Sun and Motorola are two examples. And there are industries, such as the music business, in which the current business model is obsolete. Even in these cases, singles and doubles provide the foundation for making the necessary change.

How you can make those changes is what this book is all about. Chapter 2 provides the reorientation from waiting for home runs to showing how to set realistic goals that you can achieve through singles and doubles and by making revenue growth everyone's business. Chapter 3 shows how to distinguish good growth—growth that is organic, profitable, differentiated, sustainable—from bad growth. Chapter 4 looks at how to dispel the myths and beliefs that inhibit organizations from growth.

Chapters 6 through 10 delve into specific tools of growth. Taken together and executed well day in and day out, they are a driver for accelerating revenue growth. Specifically, *revenue productivity* shows how to release creativity and grow revenues without increasing the amount of resources invested. The *growth budget* brings discipline to the management and creation of revenue growth and its linkage to budget commitments and tradeoffs between the short and long term. *Upstream marketing* pinpoints the specific needs of selected customer segments and how to satisfy them on a profitable basis better than the competition. *Cross-selling* shows how to present

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existing customers with a compelling reason to buy additional products and services (and then delivering that value proposition better than the competition). The *social engine* is the tool for synchronizing the people of the different silos of business (marketing, sales, product development, finance, etc.) so they are all on the same path for achieving revenue growth. *Converting innovation into revenue growth* builds on the ideas developed about the social engine to show how to select, nurture, and launch the ideas that will result in revenue growth over the short, medium, and long terms.

The time has come to provide a common approach that enables people inside the business to grow revenues on a routine basis. Cost-productivity approaches like Six Sigma are formal programs requiring certification. While I'm not proposing anything as rigid for revenue growth, what I believe will make a difference is a common language and program that will make growth everyone's business. That's exactly what you will find here in the pages ahead, distilled from my daily interactions with companies around the world.

Growth is the juice of human life. My hope is that this book serves two related purposes. One is to help businesses prosper, the other to help individuals personally grow. If companies achieve profitable, organic growth, it will have a buoyant effect, all other things being equal, on employment levels and the opportunity for individuals to build and expand their personal capacity.

Let me tell you what I've learned.