



Growing Your Business

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Most companies work hard to grow their businesses. However, even in markets that are thriving, achieving this growth can be difficult; and if operating in a stagnant or flat market, the job is even tougher!

Having a strategic plan is a good way to facilitate an easier method of growing a business. Here are some examples of how we have helped our customers to accomplish this.

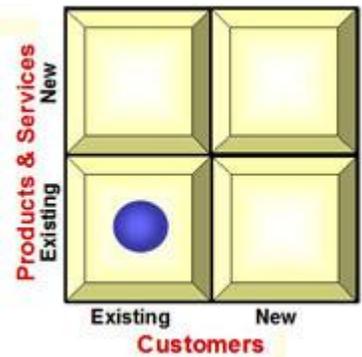
We start with the commonly-used 2x2 matrix shown below, with customers on one axis and products/services on the other axis. We then position what we do in one of the four quadrants. Everybody starts off in the lower left hand quadrant.

Opportunity #1

For most companies, the easiest additional sale is to sell existing products or services to existing customers.

This might be accomplished by repositioning yourself as a sole supplier or by identifying additional products or services you currently offer that your current customers might need.

Example: one of our customers, a consumer product manufacturer and distributor, had listings in a major supermarket chain but was actually selling to fewer than half the stores.



To increase sales, these are the steps we helped them with:

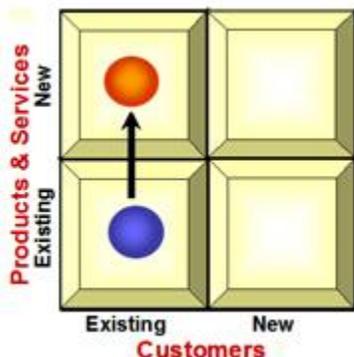
- Identified the stores that were not currently buying products, but that could be fully serviced
- Developed a script for the Inside Sales group so that they had a specific value-added offer for the selected stores. This included identifying what nearby stores in the same chain were buying and the level of sales and profit they were achieving.
- Scheduled appointments for Sales Reps to call on the stores

Within a few weeks of face-to-face contact, sales revenue started to rise and continues to build.

Lesson: ask yourself and then determine whether you are selling all that you could to your exiting customers.

Opportunity #2(a)

The next easiest additional sale is to sell new products or services to existing customers with whom you already have a relationship, as shown in the matrix below. This option may involve identifying new needs, sourcing new products or extending your supply chain.



Example: A small dairy products company had put in place Direct Store Delivery (DSD) to look after its retail customers. Often, the delivery would consist of a just a tub or a single case of product. The head of sales thought this was a lot of work for a small sale and asked the question “what else could we deliver to you?”

It turned out that there were plenty of other products which lacked DSD but which were needed by the retailers. Over the years, the company has grown substantially, to the point where only about half its sales involve the original dairy products – the additional sales consist of other food and beverage products that required more reliable distribution.



Lesson: think about what your company is good at and how else those capabilities could be used by your current customers.

Opportunity #2(b)

There are often steps in the supply chain that you could execute more effectively than your supplier or customer.

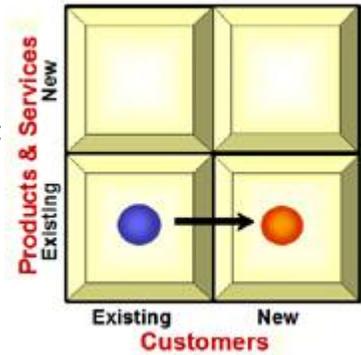
Example: The main product of one of our poultry processing customers used to be a whole bird in a bag, sent off to the grocery retailer. One of the managers observed that a lot of these birds were then cut up by butchers in the deli departments, to produce tray packs of the various parts of the birds. He thought that the cutting up process could be done far more efficiently and inexpensively at the processing plant than at the deli counter and so moved the company into value-added processing.

In addition, the tray packs are all labeled, bar-coded and priced, further reducing the work of the grocer. Now, whole bird sales are a minor part of revenues.

Lesson: Visit your suppliers to see what they do to get the product to you; and visit your customers to see what they do with your product after they receive it. There may be big opportunities for you to add value.

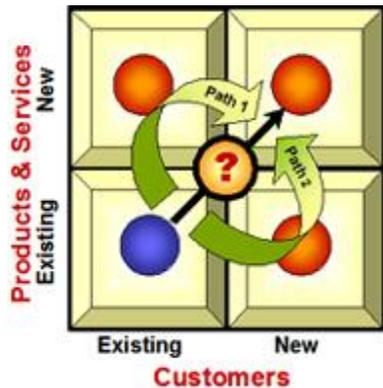
Opportunity #3

Often more difficult is finding new customers for existing products and services, as illustrated in the matrix to the right. Most companies have limited marketing budgets and so must "spend smart." A good starting point is to ask yourself, "What causes sales?" If you can figure out the answer to this question, you can often find new customers.



Examples: In services businesses, the number one "cause" is referrals; these organizations need to have a good process for getting referrals. In the capital goods sector, the key is often to get on the contractor qualified bidder lists. The number of major contractors is much smaller than the number of companies which use them.

Lesson: Study the "causes" or "sources" of current sales, and be sure to improve all related processes in order to attract more new customers.



Opportunity #4

The toughest route of all is to go directly from lower left quadrant to upper right hand quadrant as illustrated in the matrix on the left. Usually, you reach the upper right hand quadrant by either of the paths indicated, or by means of alliances with companies which are already selling products and services you don't have to customers you don't have.

If you can establish a win-win relationship with such an alliance, the path forward is much quicker and more profitable.

Lesson: don't think you have to do everything yourself. More and more companies are using a "virtual" model to look after customer needs.

Opportunity #5

This is the most interesting but rarest situation – one where you create a brand new product or service. If you are successful, you will have the market to yourself for a long time and will be able to use the learning curve to keep copycat competitors at bay.



Example: we worked with Fresh Express for many years – they created a new grocery category, pre-washed salad greens in controlled atmosphere packaging. This provided the consumer with easy-to-use salad ingredients which had a good shelf life. They hit on this idea by observing that consumers would buy a head of lettuce, would cut out the core, would not use much of the head and would then throw out most of the product when it wilted. Their solution solved this problem with great customer acceptance and good margins for Fresh Express and the retailer.

Value Map Example - Now



To the left is a graphical method of assessing your competitive situation. Along the horizontal axis are whatever elements your customers tell you are important (NOT what you think are important). The vertical axis shows how the customer rates your performance and that of your competitors.

Where you are ahead, keep pushing to expand your advantage. Where you are behind, figure out how to close the gap while you still have time.

Sometimes you can think of ways to extend your value proposition, in ways that your customer has not yet thought of. If you can, it will give you leverage and may well offset areas where your competitor has an advantage that you

cannot overcome.

Conclusion

Growing the business is never easy, but it can be done. If you have not done so, try these tools and models out. Let us know what you've learned.