

TIME TO STOP CUTTING

3 PRINCIPLES TO REVENUE GROWTH IN A DOWN ECONOMY

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By Steve Biggerstaff

OVERVIEW

In a macro economic crisis, wise business leaders take immediate steps to ensure the survival of the enterprise. For most firms this includes reducing costs in underperforming, non-core, or non-essential areas. This difficult work can create other organizational risks (productivity, morale, turnover...), but once accomplished, upfront and systemic cost reductions can markedly improve staying power during times of economic drought.

But “staying power” is the goal for few, if any, organizations. In the vision and mission statements of the companies we all admire, “survival” is nowhere to be found. Instead, we’re inspired to pursue “success” in any number of forms: making a difference in the lives of our people and communities; leaving a legacy based upon excellent strategy, design, operations; and certainly, creating greater value for our customers, business partners and investors.

What should business executives do?

For most organizations, these goals are only achieved through growth. Specifically, growth in revenue, market

share, and relative competitive positioning. These objectives are challenging under any market conditions, but data suggests that actual and relative growth may be more enduring and easier to accomplish in down times – when less far-sighted competitors, reeling from the blows of macroeconomic forces, scale back to weather the storm.

“We won’t manage this company for the short-term. We know how that movie ends.”

**- Andrea Jung
Chairman/CEO, Avon**

Of course, relative growth becomes easier to achieve when competitors step to the sidelines. But growth, even with reduced competitive pressure, can never be accomplished by cost reductions or more passive hunkering down. Top-line growth in today’s economy requires intentional, focused action.

ACTION PLAN

So what actions should leaders commit to when both competitors *and* customers are scaling back? And what principles should guide those commitments? Our experience highlights *three basic principles* and infinite go-to-market applications, limited only by the creativity and sense of urgency you inspire within your organization.

Principle #1. *Ensure an intense focus on **who** your target customers are, **what** they need and value, and **how** they shop and make purchase decisions.*

You can’t afford to market to everyone, so focus on your *most-likely* potential customers. This may not mean your

biggest prospects – you need to accelerate *revenues*, not long-term pipeline potential. What are the functional, emotional, and financial needs they are trying to solve? Which are most important – or time-sensitive – or price-insensitive? What competitive advantages do your products and services offer, what weaknesses do you need to shore up or offset, and what messaging strategy will enable you to quickly and effectively make your point? Finally, what are the best ideas in your company to drive short-term revenue from these prospects? Start thinking about things like: time-based offers; loyalty/volume initiatives; switching incentives; and the re-allocation of people, spending and rewards to these opportunities.

Then, tap the brightest people in your company – at all levels – for more ideas and aggressive execution.

“The worst thing you can do is pull in your brand-building spending and become more of a commodity.”

**- Tom Falk
CEO, Kimberly Clark**

Principle #2. Accelerate creativity and flexibility when it comes to customers, markets and distribution channels.

The lowest-hanging-fruit in any sales effort is often incremental sales to existing customers, so if you’re not doing it already, find ways to emulate Amazon.com’s successful cross-selling strategy immediately (e.g. “Customers [like you] who bought X also buy Y.”). Segment your customer profiles, understand the scope of sales to your best customers, and make value-added pitches to customers who may be primed for additional products and services.

Then, aggressively apply what you know about how and why your best customers buy from you to prospects that resemble them – similar profile, similar markets, and

similar needs. If you’re not sure what drives the purchase decision – ask, ask, ask. It’s often simpler than you think, and not necessarily as logical.

Finally, people can’t buy what’s not on the shelf. Regardless of your industry, make additional points of awareness and distribution an immediate priority. If you have a compelling value proposition, distribution channels are hungrier than ever for products, services and information that will sell.

Principle #3. Knowledge is power – understand and focus your critical resources on the highest-return opportunities.

Everyone knows word-of-mouth referrals are one of the strongest factors in sales success, but what are you *intentionally* doing to create WOM opportunities? Research target media for editorial trends, then create opportunities (press releases, articles, quotes, columns, events...) that leverage 3rd party media channels to position you and your firm as industry leaders. Ensure a no-holds-barred approach to customer problem resolution – creating loyal and *vocal* advocates who will sing your praises. Where possible, combine sales and service into a single position – salespeople with intimate product knowledge generate stronger closing rates, faster sales cycles and longer-term customer satisfaction and loyalty. It should go without saying, but a customer saved is always a customer earned.

IN CLOSING

There’s no silver bullet when it comes to generating revenue – customers, competitors and market conditions are constantly in flux.

But a down economy can be a springboard for strategic leaders to take advantage of customer insight, leverage marketing initiatives, and focus sales efforts. Revenue and market share gains achieved now will endure and expand in the coming economic rebound.

“A lot of companies have chosen to downsize, and maybe that was the right thing for them. We chose a different path. Our belief was that if we kept putting great products in front of customers, they would continue to open their wallets.”

**- Steve Jobs
CEO, Apple**

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