

From “Double Digit Growth” by Michael Treacy

What causes business to flounder?

1. Avoiding customer value.
2. Placed a bad bet on a market in which growth can to a screeching halt.
3. Lost a proprietary advantage, expiration of patent, regulatory protection
4. Missed a significant value shift (example: product features to low-price, low-price to total-solution suppliers)
5. Caught napping by a new competitor providing next-generation value

Principles of Double Digit Growth

1. Spread the risk. If you depend on just one initiative, you have a high change of failure.
2. Take small bites. Set up smaller growth objectives in several complementary areas
3. Balance your strategies. Balance organic expansion and acquisition strategies.
4. Commit to superior value. Make sure you have top value in all areas of your business
5. Expand growth capabilities. Your business won't grow if it lacks the capacity to growth
6. Manage for growth. Establish a system for managing a growth portfolio through varied market conditions; coordinate and focus attitudes, behavior, information, review processes, roles and responsibilities to maximize growth throughout the organization

5 Growth Disciplines

1. Improve customer-base retention
 - a. Shape customer value criteria: Keep your customers focused on a dimension of value you excel at
 - b. Increase switching costs: Customer feels its too costly with too much aggravation to switch
 - c. Provide valuable, entangled, services (example free consulting)
 - d. Taylor your offering to your key customers
 - e. Preempt Defections: have a process to recapture customer before contract runs out
 - f. Bond with Customers: Front-line relationships with customer and the bond a “brand” makes with customers
2. Share gain: organic and acquired
3. Market position

- 4. Penetrating adjacent markets
- 5. New lines of business

Strategies for double-digit growth

- 1. Priority: Make growth through innovation the top priority for every manager
- 2. Perspective: Measure performance for past five years in each of the five growth disciples, and set stretch objectives for growth in each of them
- 3. People: Invest in internal development and targeted recruitment: reinforce management with coaching and fresh talent
- 4. Plans: Build growth plans for each business unit based on the realities of the market

Know the Market Conditions in order to balance growth portfolio

Market growth rate

Customer churn rate

Biggest Impact on Growth Strategy

	Customer -base retention	Share gain: organic or acquisitions	Market Positioning	Adjacent Markets	New Business Lines
High Market Growth rate	Low	High: Organic	High	Low	High @ medium growth
Low Market Growth rate	high	High: Acquisitions	High	Low	High @ medium growth
High Customer Churn rate	high	High: Organic	Low	High	High @ medium growth
Low Customer Churn rate	Low	High: Acquisitions	Low	High	High @ medium growth