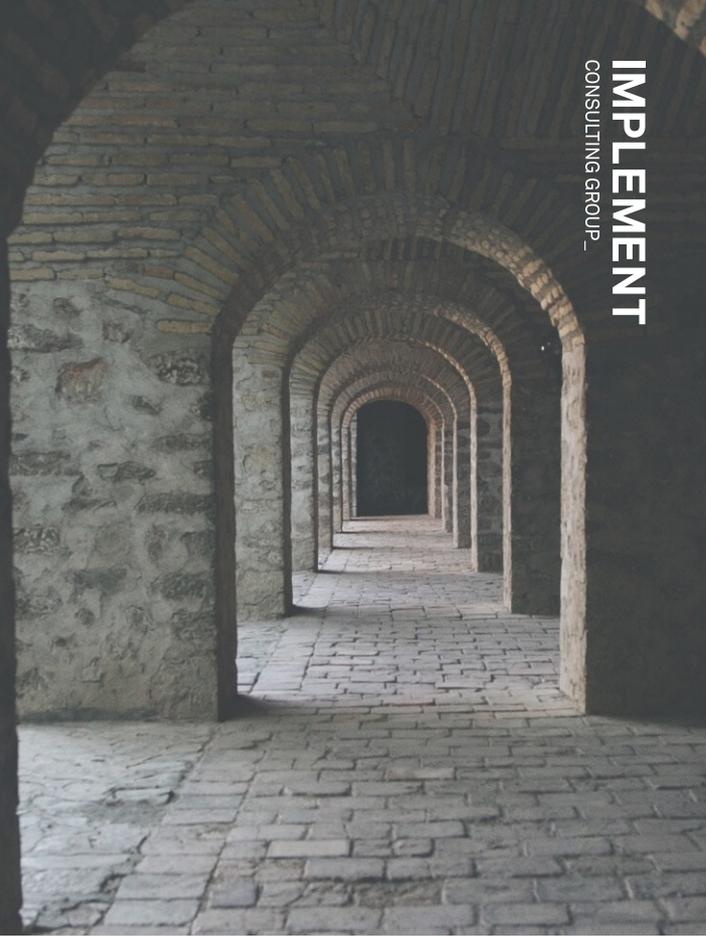


IS THERE AN EASIER WAY TO GROW YOUR BUSINESS?



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A simple way to harness your growth potential does not necessarily include investing in new solutions or new markets

Roughly one month ago, I was in a meeting with the owners of a mid-sized company in the building materials industry. In our discussion, there was a pain point in focus – top-line growth was absent, and this was preventing the owners from seeing the added value they had hoped to achieve from their investment in the company.

Talking to the company, I was surprised to learn that all ideas for potential growth which they had produced up until this meeting was about new innovations or new markets. I do not disagree that these are possible growth drivers, but they are typically medium to long term in horizon and associated with significant investments and risk. So, the question remains:

Is there an alternative path to growth that produces results in the short term and with a high degree of certainty and sustainability?

A mathematical formula for growth

In order to answer the question above, let me introduce you to the four main drivers of (pure*) organic growth in any company:

1. Number of opportunities created
2. Win rate
3. Average order/contract size
4. Retention rate

(* no change of products, services and /or people)

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For the sake of simplicity, let's make the following growth formula:

Number of opportunities created x Win rate (in %) x Average order (or contract) size constitute the revenue created in any period on top of recurring business. **The retention rate** is a measure of the company's ability to keep customers on board after their first purchase.

Broadly speaking, you can argue that any %-increase or -decrease in any of the four drivers directly influence the growth rate. All things equal, if you increase Number of opportunities created by 10%, your new revenue growth will be +10% on top of your running business. The same logic applies for the other drivers. If your retention rate remains constant, but you improve Number of opportunities created, Win rate and Average order/ Contract size by just 5% each, your new sales growth is close to 16%. If, at the same time, you increase the retention rate by 5-10%, you will be looking at growth rates way beyond market or industry average.

From theory to real-life growth – short-term results with a high degree of certainty

Math is easy, but in practice, how is this improvement doable?

We have worked with 100+ leading companies, and what we have learnt is that almost every day, commercial people go to work and repeat their routines as they did yesterday, and the day before, and the day before. The result is, not surprisingly, the same outcome as yesterday and the day before.

So, once commercial routines have been established, additional growth with the same organisational setup and the same products becomes troublesome. But from our work, we have seen some common patterns that suggest that the key to transforming results is quite simple:

1. Find out which new routines will produce a better result.

2. Design a visual and engaging meeting concept that will help people change their routines.
3. Support commercial managers (on the job) in installing this meeting concept with a strong coaching routine to drive new routines.
4. Follow up on relevant KPIs for the four growth levers and your commercial staff's satisfaction with each encounter with their manager.

If you combine the four points above with strong involvement of your commercial leaders, better results are a highly likely outcome.

We have labelled this concept Commercial Acceleration.

Case:

A new way of leading and driving results through better priorities at a global and market-leading supplier of financial services

In early 2017, a global and market-leading supplier of financial services was facing a year-end forecast trailing way below their top-line target. The company was in a turnaround process and with a potential IPO (Initial Public Offering) in sight, the situation required immediate focus. The top management team asked for an acceleration process with strong focus on driving results and driving the top line to or above year-end target.

The project was scoped to primarily cover the ten largest and most mature countries. The objective was to install new routines, so that the commercial organisation altogether would better prioritise the activities likely to produce results. All commercial management teams from the ten countries were onboarded in two months. In addition, the teams were not only involved in identifying the new routines, but also in developing their tailored local win room meeting concept to drive results. Each country was then

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supported for four months to get the leaders' new meeting routines to work and to drive the behavioural change needed in the commercial front line. Alongside local implementation support, the company had a significant focus on following the satisfaction scores of the local interactions as well as to follow leading KPIs.

At year end, the countries in scope altogether performed significantly above target, and commercial leaders contributed a great deal of the gap closure to the acceleration programme. The new way of leading and driving results through better priorities is still in operation and considered a key part of the commercial operating model.

Case:

Making commercial investments and tools a growth driver at a global and market-leading supplier of industrial products and solutions

At the end of 2016, a global and market-leading supplier of industrial products and solutions concluded one of the first years ever without any significant top-line growth. In the period from around 2010 to 2016, they had invested heavily in a solid commercial toolbox, a CRM system and various kinds of reports. The key ques-

tion was whether the company somehow could make these investments and tools a growth driver. We identified two areas with quite low maturity throughout the organisation and scoped the assignment to focus on getting pipeline management and opportunity management installed and used to drive new priorities in the commercial front line.

The project was scoped to cover 50+ countries and to be rolled out throughout the regional structure. Together with a couple of pilot countries and the global commercial excellence team, we developed two commercial interactions that were based on the strong tool and CRM foundation. The first interaction was a pipeline meeting, enabling local sales managers to better drive and develop a strong sales pipeline. The second interaction was a key opportunity strategising meeting that was to enable a focused dialogue on what to do to win key sales opportunities. The methods were rolled out in a combination of engagement workshops, local kickoffs and on-the-job support for sales managers.

The company grew +5% in 2017 and +8% in 2018 (YTD). Further, the weighted pipeline visible in CRM increased by 30%, ensuring a better foundation for delivering on coming years' growth targets.

FAST FACTS ABOUT IMPLEMENT

Founded: 1996

Number of employees: 800

Headquarters: Copenhagen

Offices: Stockholm, Malmo, Oslo, Zurich and Munich

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