Neil Schaffer on Accelerating Company Growth

Question: Assuming that ownership is committed to growth and a skilled team is in place, what are the keys to driving company growth? In other words, what are the essential elements of an achievable growth plan?

Answer: Knowing your destination is absolutely crucial. Airplanes are off course 90% of the time, but through a large array of corrections they land safely at their destinations. There are so many elements to executing a strategic plan, and the devil is in the details. But your question was: “What are the essential elements?” It is critical to have a clear and realistic vision and mission, starting with the CEO and shared by the entire organization. That means having a few very specific and quantifiable goals for the products or services at the center of the growth strategy. The CEO and senior management team must be fully committed and involved. Growth is hard and leadership commitment is essential, and the entire team must be able to set aside ulterior motives and personal agendas to cooperate in pursuit of goals.

Another essential element is rapid decision-making based on hard deadlines, and on feedback from customers and from all functions within the organization. This decision-making process should be facilitated in part by a free sharing of information. Whether by using a “war room” environment or a formal knowledge base such as an intranet, true collaboration is an essential element of the culture of successful growth.

Question: The word scalability is thrown around a lot. Could you define scalability in your own words?

Answer: The classical notion of economies of scale is that unit cost declines with increasing volume. Volume purchasing reduce the cost of material inputs, and machinery and mass production drive down labor costs. Today, technology offers productivity to all, but in exchange for shorter product life cycles and greater value ascribed to the services/service components that now accompany products. So scalability is more a function of building a foundation of repeatable methodologies and processes so that new product development occurs faster and margin expansion occurs earlier in the life cycle on relatively small volumes.

Question: What’s the biggest misstep that a company can make when trying to expand?

Answer: Loss of customer focus. Most companies begin with a zeal for serving the customer. It serves them well and the business gets on its feet, but as it grows it becomes more bureaucratic, and product development, production efficiency and financial performance take precedence. The company loses its intense focus on meeting customers’ needs and having meaningful two-way dialogue with them. Marketing devolves into a bunch of scattered and unfocused tactics designed solely to feed revenue growth.

Question: So what is the key to growth?

Answer: Assuming the business has the talent and the capital necessary to support growth, the key is an actionable, achievable and measurable plan. Building sustainable advantage is a long-term commitment, and small first steps and “quick wins” do wonders to build a team’s confidence to take larger steps and make bolder moves. Business plans must be developed from, and supported by, thorough and accurate customer and market research.

Question: Where can a business owner look to find avenues for growth?

Answer: Avenues of growth are found by better serving and further penetrating existing customer groups with established offerings, improving and also broadening the offerings to existing target markets, and identifying new markets and/or customer groups. In each case, success will be found only by a smart and savvy selection of the proper mix of marketing and communications tactics.

Question: Most businesses have real limits on the dollars they can spend on marketing. What are their options, if any?

Answer: Traditional advertising can be incredibly expensive and relatively useless. Identifying alternative means for cost-effectively reaching target markets may be the #1 challenge for a small business. The old “build it and they will come” just doesn’t happen in real life. Finding the right mix of cost-effective marketing tactics will require lots of thought, discussion, brainstorming, learning from others and a good bit of trial and error.

Question: Can you give us some real-life examples of companies that found a cost-effective means for reaching their target market and, by doing so, achieving rapid growth?

Answer: We have found that public relations campaigns can be very cost-effective. Having industry thought leaders and editors focus on a problem, or on a problem and a company’s solution, is a good way to gain credibility and awareness, especially when followed by a direct campaign to “push” the press material to the target customer base.

Demonstrations and free tastings — in stores or at trade shows— are good ways to showcase a new product or even a prototype. If one can couple the demo with press coverage, testimonials, focus-group-type feedback, coupons or, imagine, purchase orders, then killing more than one bird with one stone can make the “free sampling” activity very cost-effective.

Question: How can companies make sure they remain focused on the customer?

Answer: The short answer is that the business owner or CEO must remain committed to marketing as a strategic imperative. The corner office sets the tone for the entire organization. If the unifying theme is to put the customer first and really listen to them and serve them with integrity — and all the necessary carrots and sticks are properly installed — then the organization will get into and remain in alignment.

Far too often the top brass conjures up ideas, jots them down, recites it all in company meetings, and calls the exercise “marketing planning,” but it’s little more than a wish list. Specific, discrete individual activities and measurable objectives are neither considered nor implemented.

Instead, senior management must define, mandate and drive proactive marketing initiatives. This involves identifying specific target market segments, potential customers, potential channel partners, influential analysts, etc., and developing and positioning targeted messaging with clearly defined rationales and goals for each activity or investment. True marketing plans must deliver specific messages to specific audiences (i.e., developing unique talking points for all constituencies: employees, investors, customers, channel partners, analysts, press, competitors, etc.). The essential theme may be the same, but one size does not fit all. These are niche audiences, each needing specialized treatment.

It is also critical to develop, communicate and support clearly articulated sales and pricing strategies, and to assign team/department budgets, timelines and milestones, and hold managers accountable for effective execution.

Question: What are some of the negative repercussions of a poorly defined marketing plan, and how can companies ensure that their strategies are clearly mapped out?

Answer: Marketing tactics manifest themselves in public exhibitions and dialogues. The greatest negative effect is that poorly defined plans will expose the company publicly before all of its stakeholders, customers, prospects and competitors as unclear, uncertain, bumbling, selfish or weak.

Question: Every business owner starts out each year with a plan to grow. Why do so few achieve growth consistently?

Answer: Despite the best of management’s intentions, in many cases, strategic plans become a victim of the “busyness” of doing business. Consumed by the daily pressures of running their companies, CEOs and management teams become distracted and make reactive or opportunistic decisions about disjointed ideas and concepts that “could result in good growth impact.

”Some classic examples of misguided thinking include:

- Marketing plans and tactics that are formed wholly from the minds of the owner or managers. Unfortunately, company heads often do not accurately represent target audiences, and thus many marketing campaigns do not generate the required enthusiasm and response in the marketplace.

- Plans for products or for marketing that struggle to become actionable because they are based on ill-defined, nebulous goals such as becoming the “best of breed” or “most desired.”
- “Dollar-oriented” plans driven by budgets rather than goals, where executives proclaim, “I spend money on ads and sales collateral, so I don’t have the budget to do anything else.” This approach is so prioritized at getting the best deal that it often foregoes achieving the best results.

Question: What other relevant issues are involved in mapping out growth strategies?

Answer: Companies can work toward ensuring that their strategies are clearly mapped out by establishing and sticking to some basic concepts. They are simple, but they are not easy.

One basic concept is to create a meaningful brand identity. The brand is an embodiment of vision and mission. Everyone inside and outside the company should know that the company can be trusted to do a very specific thing. It is important to develop and maintain an evolving “singular company message” that will ensure harmony of the methods and tools the company uses to present itself to its customers, competitors, investors, the media, analysts and all other constituents.

Another concept is to create awareness of the company as the singular source for its unique products and services. Shine a bright light on what makes you special to get recognized and become known.

Management must enhance the company’s image as being most responsive to clients’ requirements through actions and results, not simply through chatter, ambiguous colorful brochures and vacant tag lines. One of the tough questions always worth asking about any planned action is: “To what end?”

And finally, it is critical to measure your marketing as you would any other business activity, and invest marketing dollars as efficiently as possible for maximum return on investment.

About the Author
Neil Schaffer is CEO of Longview Consulting Group. He founded the firm in 2005 to bring senior executive and entrepreneurial experience, perspective and creativity to emerging and middle-market companies seeking to accelerate their growth. Schaffer has served in executive management roles across a number of industries. He served as EVP & CFO of the MediaPort consortium (‘01 – 02) and Audio Audit (‘02 – ‘05), both innovative technology companies in the advertising and media business. Along with several former senior executives from Citigroup and several Ivy League university professors, he founded iPrivacy, LLC, a software and services company focused on Internet privacy and security.

He previously served as CFO of several industrial, distribution and technology companies, including Horizon Paper Company, a leading paper brokerage firm; The Carson Group, Inc., an investor relations consulting and information services company (sold to Thomson Financial); and The Hain Celestial Group (NASDAQ: HAIN), the largest natural-products manufacturing company in the U.S.

Schaffer began his career as a certified public accountant with the middle-market practice group of Price Waterhouse in New York.