

STRATEGIES FOR GROWTH

TO GET MARKET TRACTION – WE NEED TO CHOOSE ONE STRATEGY AND DO IT WELL...

Growth in a business comes from either selling more to our existing customers or getting more customers. Either way we need to gain a position of strength and differentiation to grow our business.

In the jungle economy, if we are not growing and taking some one else's customers, they will take ours. Equally so we have finite resources, so must choose a small list of things to do and do them well.

HOW DO YOU GET TO "OWN YOUR CUSTOMERS" I.E BE THE SUPPLIER OF CHOICE?

Too many businesses attempt plans that are incompatible with their balance sheet, their personal circumstance or even reality or worst still a potpourri of every possible strategy. My recommendation is choose one.

STRATEGY PRIMER QUESTIONS

Strategic planning is about exploring and debating options in an iterative loop. Before working out how to win customer mindshare you need to define what is your target market. A key step in this iterative cycle is to decide where long-term opportunities exist.

- **What is your long-term market opportunity?** Have you explored what's going on in your industry ecosystem? What facts do you have that support your market will exist in 2 or 5 years time?
- **What is your competitive advantage or point of difference?** Is it a truly sustainable competitive advantage? Do you have the skills to deliver this?
- **What is your strategy to maximise your competitive advantage?**

Next you need to work out how you will get to "own your customers mind", i.e begin your growth – to create a change in the market place.

Unfortunately in the real world, we do not have unlimited resources – so despite ambitious intentions, we do need to make some choices of what do we do first and what takes priority. Most SME's can only afford to invest (people & money) in one strategy at a time.

STRATEGIC PRIORITIES & RESTRAINTS

- **What is your key strength?** Product, operational excellence (process) or customer intimacy
- **What is your no.1 priority?** Market Share or Profit or Revenue (Prioritise these options)
- **What market segments are you going to take on and in what order?** (geography, demographic, etc)
- **Have you got the make / buy split correct?** Where do you add most value to your clients & yourself (who will you partner with). Are some of your business activities a major distraction and not make you any money?

WIN THE RACE TO OWN YOUR CUSTOMER'S MIND: – CHOOSE ONE

Strategy guru Michael Porter was of the belief that you only have two options to gain strength in a market Cost leadership or Differentiation.

Winning market reach & share quick

- **Freemium** (give your product or a cut down product away for free)– do a land grab then start charging or kick in alternative revenue streams later eg trademe
- **Partner** with large organization – preferably corporate challengers rather than the giant that already has the customer, as they can up sell something "additional" to them (your product or service). Note Giants are typically too arrogant and do not need you
- **Merge** – with other small players to increase efficiency and customer reach

Win the technology/product innovation race

- Create products that others do not have and your customers will lust after – that have amazing customer pull eg killer apps
- You may need to use a strong IP strategy that can not be worked around (trade secret) and patents or simply just obsolete your own products with new ones so people can not copy (eg Apple, Microsoft)
- In the services space this race is often influenced with "thought leadership"

Create/Find a new market

- Legislation change
- Disruptive technology – new product paradigm eg MP3 players – ipod
- Use existing technologies in a new way

Win the cost race

- Make your product cheaper than all others. Organisational and cost efficiencies.
- Warning – making products cheaper does not mean start a price war. Price wars in most cases become a race on who can hold their breath the longest.

Win the heart – BRAND

- Build a brand experience people fall in love with – this may include service paradigm

What is your strategy to capture the mind of your customers? – Is it one of the ones listed above or do you have another?

This resource has been kindly provided by



If you have any questions, please call 0800 CHAMBER (0800 242 623).

DATE: MAY 2015

The Auckland Chamber of Commerce and the provider of this resource make all reasonable efforts to ensure that the information published in this resource is accurate and up-to-date. However the matters covered are subject to regular review and no warranty or representation can be provided regarding the accuracy of such information. The Auckland Chamber of Commerce and the provider do not accept liability for any losses or damage arising directly or indirectly from reliance on the information. www.aucklandchamber.co.nz

JOIN US

- Benefits of Membership
- Join Now

BUSINESS SUPPORT

- Find Staff
- Business Support
- Mentoring

GLOBAL

- Import and Export Services

EVENTS & TRAINING

- Event Calendar
- Event Profiles

BUSINESS CONNECT

- News
- Chamber Social Media