

Gearing up for growth

RECENT SURVEYS HAVE DEMONSTRATED that a high proportion of companies are seeking 'growth' as a primary goal in 2005. Fewer companies however have articulated that they have really understood how their organisations are actually going to deliver the growth, and whether or not they are fit for the task.

Most businesses will have understood some important key criteria for growth – for instance what type of growth they are seeking; earnings growth, profit growth, market share growth, shareholder value growth. And most will have understood where this growth will come from; competitor acquisition, new customer acquisition, market growth, entry into new products or new markets, growth in revenue from existing customers etc. But beyond this, there can be a tendency to announce the strategy, set the targets and let the organisation rise to the lucrative challenge of delivering the growth.

Organisations are however complex networks of people, processes, systems, infrastructure all of which are bound together by rules and constraints that work to deliver a certain level of organisation behaviour and performance. This network may simply not be able to deliver on the growth goal – after all, unless it has been tuned for growth, it is probably designed to deliver last year's goals or worse still has developed over time to meet the customs and practices of the business and those people within it. Expecting this organisation to spring into growth would be like expecting a family saloon to act like a racing car just because you put your foot down – it will speed up, but sooner or later it will start to flag or even lose control.

Some of organisational challenges are clearly defined and relatively obvious, however less apparent are the changes required to encourage and sustain the right business behaviour to generate and sustain growth.

The more obvious organisational elements are about ensuring that the organisation has the capacity and capability to grow:

- Are budgets re-aligned to allow growth
- Is the extra capacity available, whether that is factory, storage, inventory
- Is the supply chain capable of sustaining growth
- Is there the ability to develop or recruit scarce resources and capabilities as the organisation grows.

These deal with the simple logistics of growth, however successful growth is also dependent upon whether the organisation and those within it are allowed, encouraged and incentivised to grow – and will be specific to the particular growth strategy that the organisation is following.

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In some cases growth requires organisational flexibility, especially where growth is based around innovation and exploiting new, and probably less understood market opportunities. These will require a similar level of organisational flexibility:

- Is the budgeting process a rigid annual process, or does it allow regular re-allocation of resources to flow to the points of the organisation which develop growth potential
- Does the performance management system encourage entrepreneurial behaviour and risk taking
- Are people and skills mobile and are organisations capable of attracting expertise and capability into the points that uncover growth opportunity
- Is the decision making framework rapid and dynamic – can it respond to the requirement for well informed and rapid decisions that will be required in the flexible growth environment
- Does MIS respond to changing environments to ensure that the business continues to measure and make decisions on relevant information.

Failing to develop a innovative and flexible growth environment will stifle the organisations ability to deliver growth, even where the market opportunity would suggest that growth is achievable.

In other cases growth will be dependent upon entering a new market or delivering new propositions – in which case the organisational challenge may focus on ensuring that the business understands how it will work differently to win and deliver profitable new business. Once again, the organisation needs to address:

How different parts of the business need to work together in new ways to deliver the new proposition

How the new proposition changes the way that the business engages with customers

How the business will make money from the new proposition and how the internal money flow around the organisation needs to respond to incentivise behaviour that supports the profitable delivery of the new propositions

What new competencies will people throughout the business need to successfully participate in the creation, sales and delivery of the new proposition

Again, regardless of the intellectual sense behind the new strategy, the ability for the business to really deliver growth will be dependent upon its ability to change its behaviour and work in new ways to deliver it.

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