

Get On Track Towards Healthy Growth 8.15.11

The economy needs to grow at a sustained rate of 2.5% or better to chip away at the national unemployment rate which is currently at 9.2%

Reports are that my industry is down in revenue versus last year. Not much of a surprise there! Our sales are off, too, compared to last year. My question is this. What should I expect out of my company.

What you expect from your company, your clients, and your staff will speak volumes about how well your company weathers this market cycle. Reality is that there's probably not enough business opportunity to go around in most industries. To push revenue up in a down market, everything needs to be in good shape.

Healthy growth for any business is in the range of 10% - 15% year over year growth. Anything less, and the company will be challenged to stay ahead of inflation and build reserves and resources to fuel future growth and development. Without money this year to put towards growth and reserves, the company will run into trouble down the road.

During this year, as in every year, there will be winners, losers, and those companies that are just holding on. This happens in every industry. The losers give up clients, revenue and profit to their more nimble competitors. The companies that are just holding on, hoping for a better year, are often fooling themselves into trouble, as they avoid dealing with the weaknesses inside their companies and their industry.

Looking at overall GDP growth of 3% or less, it's easy to calculate that achieving 10% - 15% year over year growth means your company will have to grow faster than the economy overall. Many industries are flat, or down this year, or experiencing anemic growth. That doesn't mean that you should accept the industry norm.

Every year some companies grow, and some decline. GDP is a measure of overall economic growth, taking into account companies that gain market share and companies that lose ground. An individual company growth rate of 10% - 15% exceeds annual GDP in both up and down markets.

How does that happen? Keep in mind that in every 10 year cycle, 3 out of 4 businesses fall away. Business flows away from one company, goes to another company. To stay healthy, your company's sales numbers need to be on the growth rather than the decline side of the equation.

Setting your company on a course to grow means focusing primarily on sales and marketing. Don't make the mistake that many business owners make, of thinking that if you build an excellent product or service, the sales will just roll in. That's unlikely to happen in this kind of an economy.

Companies that will succeed to a higher than average degree, especially in a constrained economy, will do 3 things right. They understand what kind of business opportunity they want to chase. They measure and manage results, adjusting plans regularly to continue to improve top and bottom line results. They focus on continuously improving know how related to sales and marketing.

So what can your company do?

- assess your customers: are they profitable, are they growing, do they respect what your company does for them; are your people steadily bringing in more of the same
- assess sales results: did the company produce growth last year in the 10% - 15% range, can it do that again this year; what areas are up / down
- check for weaknesses in sales and marketing: are you touching more prospects than ever before; is the lead in-flow increasing, is the conversion rate on prime customers holding steady or improving

Look at every stage of the pipeline, from suspects that fit minimum core criteria, to ones that are hearing about your company. Look at the number of prospects engage in a dialog, prospects with qualified needs and a budget, proposals sent out confirming your company's offer, and closes. Are the numbers up at every stage? Is the increase enough to net 10% - 15% growth this year?

If any stages are down, ask why? How much do different stages have to accelerate in order to hit that 10% - 15% growth goal by year end?

Looking for a good book? Breakthrough Marketing Plans: How to Stop Wasting Time and Start Driving Growth by Tim Calkins.

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