

*Excerpts -
Complete content is available as a workshop
for corporate teams or conferences*

Leading a Fast Growing Business
Owen Graduate School of Management
Vanderbilt University

Fran Grigsby
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Program Overview



Growth alternatives

- Organic
- External



Growth oriented organizations

- Operational effectiveness
- Sources of capital
- Executive roles

Program Objectives

- Understand strategies and best practices for creating business growth
- Develop plans and/or ideas for your particular growth challenges
- Master tools for managing a growth oriented organization

Why Grow?

- Capital for future ventures
- Return on competitive investments
- Maintain or increase earnings
- Close the door to competition
- Use cash profitably (avoid being acquired)
- Respond to stakeholder expectations

Why Not?

- Preserve entrepreneurial spirit
- Ensure quality of products and services
- Maintain ties to customers and suppliers who like the personal touch
- Treat and pay employees well
- Keep work teams together
- Maintain a lifestyle business

I. External Growth Strategies

aka

Partnerships, Alliances, Teaming

- Strategic alliance
 - Collaborative working relationships, no formal entity
- Joint venture
 - Partnership or co-owned corporation, two or more participants
- Merger or acquisition
 - Formal financial and organizational integration of multiple entities
- Licensing
 - Brand, product or intellectual property made available for fees
- Franchising
 - One entity provides business model, marketing, brand; other provides execution, know-how, ongoing percent of revenue

External Growth Benefits

Resources, Capabilities, Output

- Direct capital infusion
- Capital substitute
- Shift burden and cost of development
- Speed
- Accommodate to market changes
- New markets (domestic/international)
- New product (research and development)
- New, shared or combined technology
- Production/distribution capabilities
- Execution of contract
- Access to distribution channel, network, or sales/marketing

Anywhere in the Supply Chain



External Growth
Opportunities

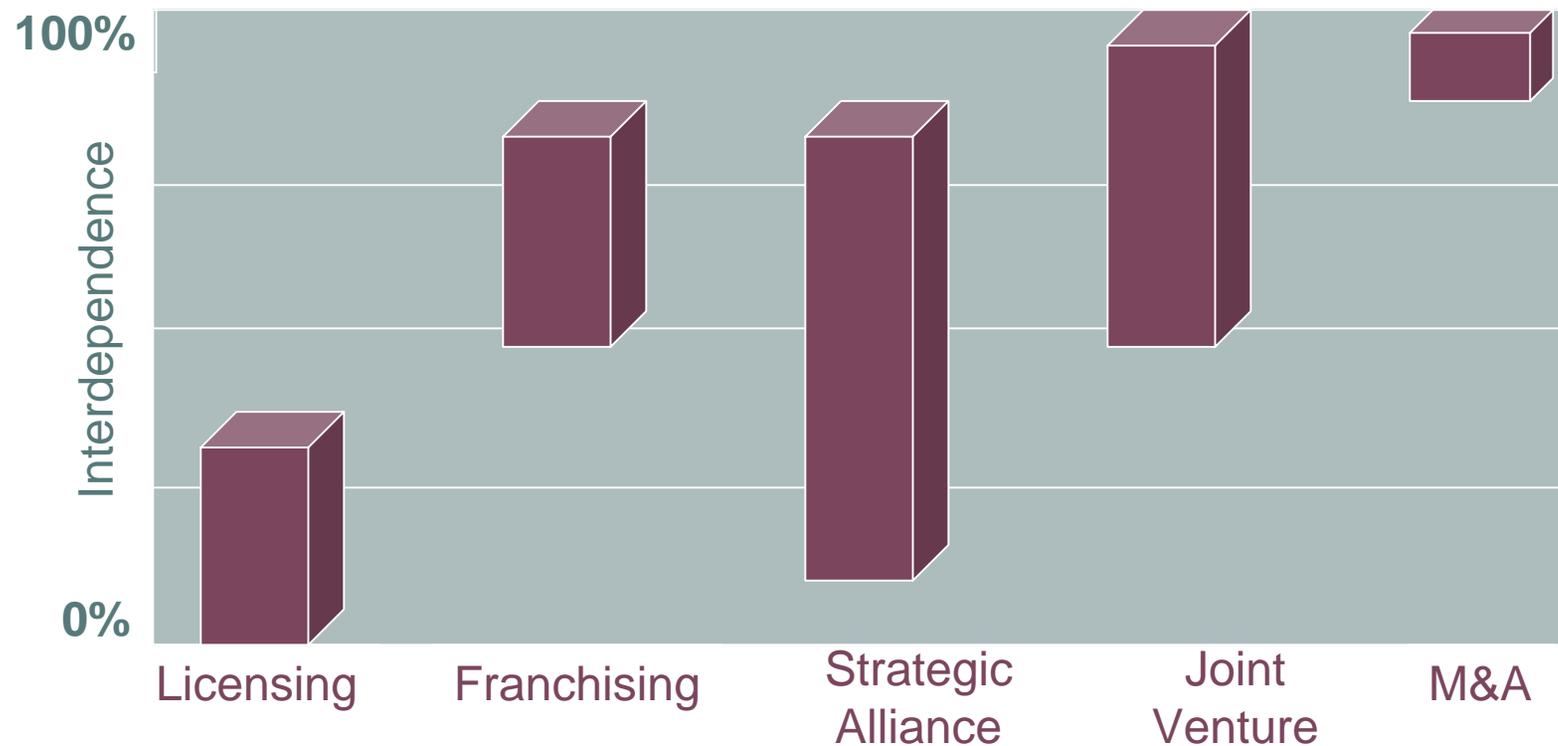


Any Player in Your Environment

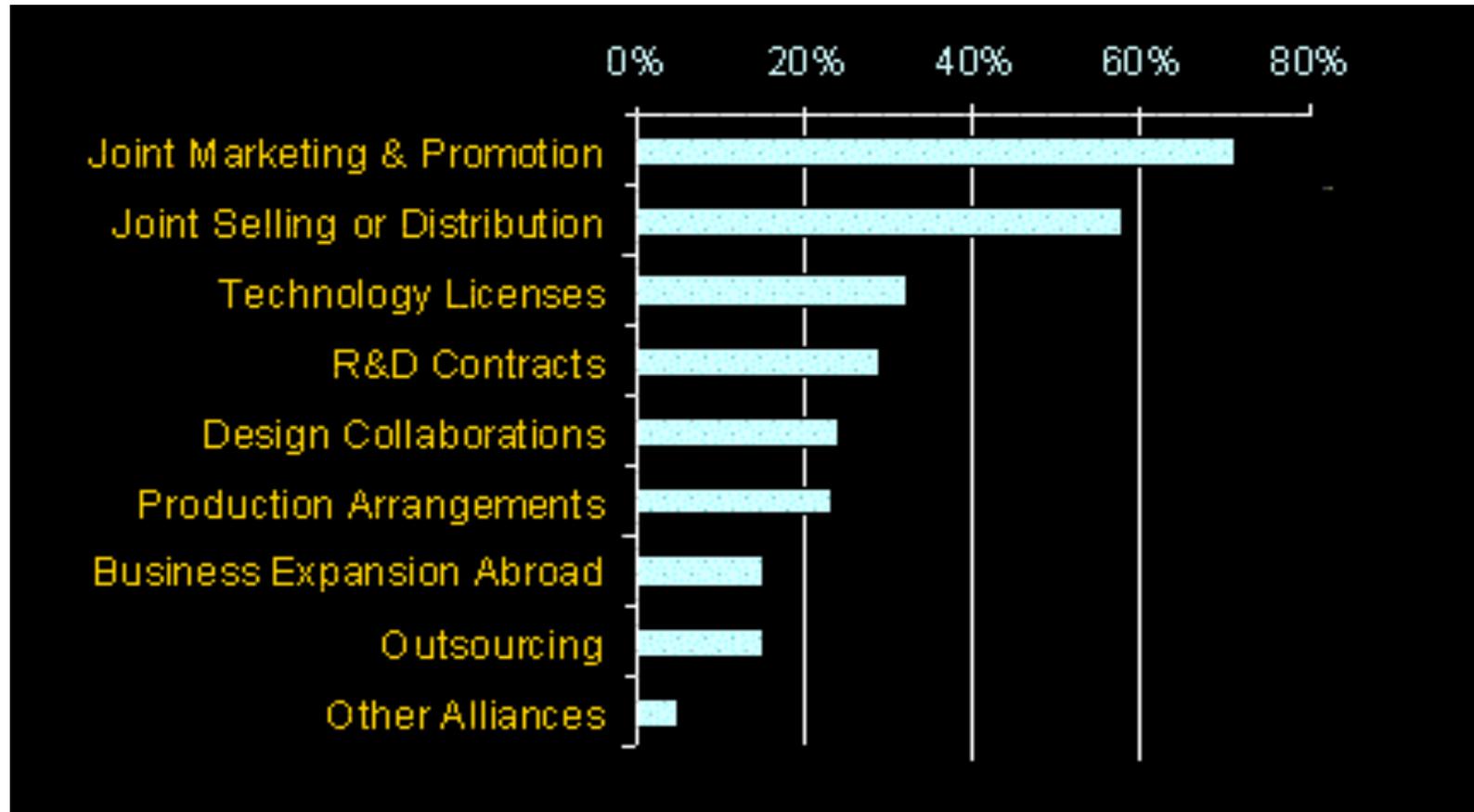
- Direct or potential competitors (e.g. those that cooperate rather than compete as a precursor to a merger and/or to join forces to fend off an even larger competitor)
- Parallel producers (e.g. to widen or integrate product lines)
- Parties linked in the vertical distribution channel (e.g. to reach customers effectively)

Any Degree of Interdependence

- Two or more companies
- Complementary or common business objectives
- Interdependence



Part of a Partnering Strategy



On the average, a fast-growing company is engaged in five different types of strategic alliances.

Source: PriceWaterhouseCoopers

II. Organic Growth Strategies

- Increase sales/revenue per customer
 - Product line expansion
 - Cross-selling
- Increase market share
 - New channels
 - Improve sales yields
 - Re-positioning/re-purposing
- Find new markets for current products
 - Vertical markets - new industry or need segment
 - Geographic - international, regional

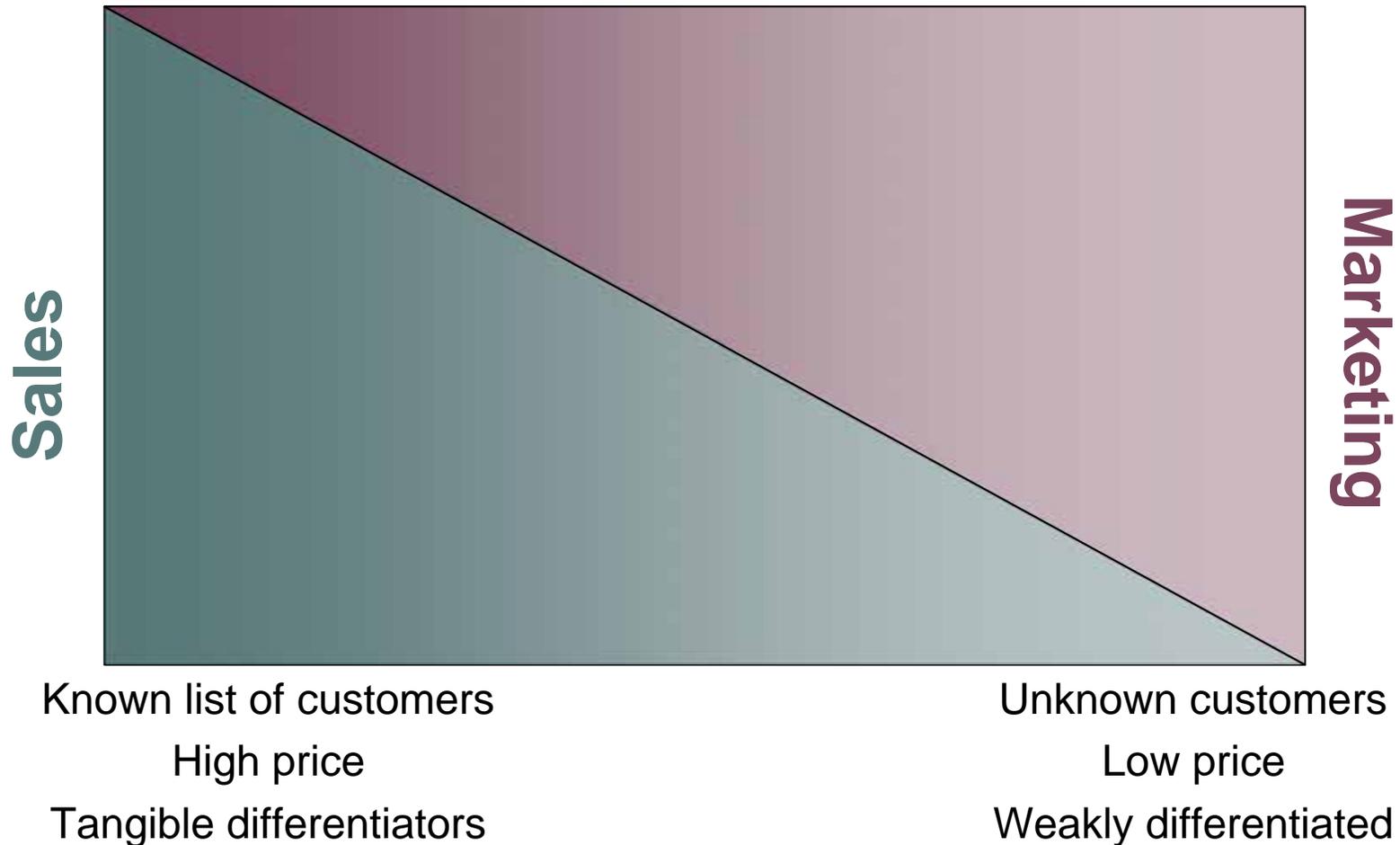
Options for Organic Growth

	Expand product line	Cross-selling	New channel	Improve sales yield	Reposition	New vertical	New geography
More revenue per customer	X	X					
Higher market share			X	X	X		
New market						X	X

Portfolio Changes

	Incremental	Radical
Focus	Cost or feature enhancement	New business, product and/or process
Technology	Exploit existing technology	Explore new technology
Uncertainty	Low	High
Direction	Linear	Discontinuous

Sales vs. Marketing – How to Spend Your Money?



Best Practices Vertical Markets

- Know where you are selling now
 - Most companies' actual sales do not match market strategy
- Paradox of vertical markets: Narrow your market
- Low hanging fruit – sell to similar customers
- Then find the next most similar vertical
- Segment your customers
 - B2B: Industries, sizes
 - B2C: psychographics, demographics, behaviors
- Think start-up, not more of the same

New customers:

Ten Ways to Fail Internationally

- (Target Country) is just a smaller/older/backward version of the US
- Sales is enough, no need for marketing
- There is no competition in other countries
- If I can make it here in the US, I'll make it anywhere
- We can do it with one salesperson
- We already know what to do so we'll set up a fully-equipped sub
- We can't sell in the US so we're going international
- George down the hall has a brother in Hong Kong who has a distribution company
- They want what we want
- Everyone starts in the UK, let's go there first

Building a Growth-Oriented Company

- Operational fitness
- Capital sources
- Roles of C-level executives