



3 steps your company can take to set the stage for growth

Rather than simply complaining about macro-economic discontinuities, it's time to redirect the strategic dialogue in our C-suites and boardrooms to bring growth back into its proper balance with risk.

My work throughout my career with clients both large - like Kimberly-Clark, GE, and Deloitte - and small - including Natrol and a young Starbucks - and underscored by 20 years of ongoing research, demonstrates that growth creates value. And that matters for everyone everywhere. For customers, growth means faster rates of new product and service introductions; for employees, it means greater job satisfaction even in the face of increased pressure; for investors it means higher returns; and, for economies it means higher levels of job creation. Unfortunately, many of today's CEOs have forgotten the growth-value relationship and lack confidence in growth. PwC's 19th Annual Global CEO Survey found that only 35 per cent of global CEOs expect revenues to increase.

In the wake of the 2008 cataclysm, the natural response was to hunker down in order to protect our companies. That instinct was heightened by the string of headline-making corporate failures - Enron, Tyco, WorldCom - of the first half of the decade. For corporate leadership, that's meant a sharp rise in the importance of risk management and a concomitant decline in attention to and investment in growth initiatives.

Macro-economic trends, however, are not corporate fate. In times of low economic growth visionary leaders have managed to break through. Howard Schultz continued to build his young Starbucks Company through the economic turbulence of the late 1980s and early 1990s. He doubled the number of stores from 1989-91 even as GDP growth lumbered along at +1.9 percent before falling to -0.1 percent.

We have been too long in the bunkers. It is past time to move beyond fear and to recapture the value that growth has generated in the past and can generate again today.

Forbes' 2016 list of the world's most innovative companies is replete with companies like Under Armour and Monster Beverages, playing in 'old economy' sectors and growing at double-digit rates. Further, companies like Colgate-Palmolive and General Mills, with their high innovation-based, market-value premiums, have demonstrated how investors are willing to reward firms - even those with low-to-negative growth rates - that invest in innovation to generate growth.

While the road to growth will be different for every company, there are steps that any company can take now.

Build an understanding that growth is the superior value-creating strategy

In order to undertake the daunting task of restarting the engines of corporate growth, management and their boards must believe deeply in the value of growth. So make the case for your company by digging into how growth

has worked in key sectors and among your peers. To have any chance at success, a major strategic redirection of this kind needs to bring the board along to ensure understanding and buy-in throughout the process. In established companies strategic redirections are rarely smooth, but, if well informed, your board can be an important ally.

Build a growth vision

Armed with belief in the growth-value connection, determine where to look for new sources of growth and how to get there. This is where the management-board strategic dialogue can begin. This activity must be launched and proceed in parallel with the critical process of preparing the organisation for a new strategic direction. While strategy is often considered a task of the board operating as a committee of the whole, chartering a smaller group to work with management to set up and design the growth process can be far more efficient. Management and their boards regularly create special committees to consider important issues such as mergers and acquisitions. Developing a platform for renewed growth should be another one of those special cases.

Have patience, retool, and practice

It's important to realise that during an extended period of risk avoidance an organisation's growth competence will atrophy. In my experience, this is often difficult for executives to accept, but even world-class athletes need time to rebuild their muscles and instincts after taking time off from high-level competition. Only then are they ready to win again.

To convince itself that its growth competence needed to be rebuilt, one client took a hard look at where new products were developed. Despite a large internal R&D organisation they found that the largest share of their new products came externally - from acquisitions. They have since retooled their innovation processes, beginning with early idea screening through R&D and developing a tight connection to marketing to improve the odds of successful commercialisation.

Growth-focused organisations differ dramatically from those that are risk-focused and cautious. Organisations need to reassess processes, structures, and their people to align them with a new vision of success. To fully deliver on growth goals structures must be overhauled, old processes must be redesigned, people must be retrained, and policies must be rewired to recapture the growth capital that is being sent out to investors.

This competence resetting process must be broad-scale and ambitious. Both GE and Procter & Gamble, two of the most successful large growth-oriented companies today, undertook a growth reboot in the last two decades. GE CEO Jack Welch ended his tenure with double-digit growth from 1997–2000. A.G. Lafley became P&G's CEO amidst low growth and closed out his tenure with strong growth, peaking at 20 percent in 2006. In both cases, they took several years to lay the groundwork before launching their ambitious and successful growth initiatives. Preparation must precede announcements of growth plans and the launching of new initiatives.

Many companies will continue to follow the cautious, low-growth strategies that have kept them afloat these past few years. But, this provides an opening for those willing to act. It is important to take advantage of this window by addressing the getting-ready stages outlined above. Biology teaches us that organisms are either growing or declining - there is no steady state. For corporate leaders the choice is clear: it's time to reset the corporate strategic agenda, time to get better, time to grow

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"National Disability Awareness Month (3 November to 3 December)"

"It has been said that life has treated me harshly; and sometimes I have complained in my heart because many pleasures of human experience have been withheld from me...if much has been denied me, much, very much, has been given me." Helen Keller

**There is an
ability behind
every
disability.**

**BELIEVE IN
YOURSELF.
KNOW THAT
THERE IS
SOMETHING
INSIDE YOU
THAT IS
GREATER
THAN ANY
OBSTACLE.**

**-CHRISTIAN
D. LARSON**



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