

The importance of intentionality in growth

Transcript

SPEAKERS:

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CHRIS SMITH: I think when I jump to the second dynamic or dimension of growth, the intentionality, where I find myself having conversations with clients is, growth isn't one size fits all. If you're building strategies to acquire customers, those are different from building strategies to retain customers. Figuring out, are you trying to go a mass volume play to get them into the funnel so you can convert, or are you trying to increase profitability on all your customer segments? All of those are different strategies and different tactics, and you would align your sales and marketing organization and even your operations differently based upon the intentionality that you have when it comes to growth.

WADE KRUSE: So where do most companies fall down on that journey? Because I could see a split there where, OK, we want to do it all. We want to retain and we want to grow.

CHRIS SMITH: The answer is that first dimension of growth: Focus. You do want to do it all and you can do it all, but it has to be sequenced and you have to allocate your funding accordingly. But I think where most companies fall down is, maybe not acknowledging the stage of growth they're in. If you're early stage, you are trying to do mass acquisition. I think a lot of late stage companies forget that they have an install base already. They have a customer base where the cost to cross sell and the cost to generate more growth from your existing customers is much more profitable and much cheaper than going out and doing new customer acquisition.

ELLIOT FINDLAY: Yes, we've certainly seen what I would call masked growth, because it was really a lot of price increases over the past 18 months, and as we really dug into performance, it was really growth in price from a top line perspective, but not from a unit perspective. And the real answer is, if this business isn't growing, what is the market and where is this company going when we're looking on a forecasting basis? And so I

think it's very important to differentiate growth through price or actual units, when we think about it.

CHRIS SMITH: Building on what Elliot just said, most of what we've just talked about really lends itself in the organic growth conversation, but in Elliot's world, inorganic growth, that same intentionality dimension plays a role. There's been, you know the stats more than I do, but the amount of inorganic acquisitions going on over the last decade has been the highest of all time. So having that intentionality on when you're doing your M&A target list generation, having the intentionality on why you're actually acquiring these companies. Is it to create adjacent growth? Is it to deepen growth? I think many times, the M&A strategy could use some deeper intentionality behind it also.

ELLIOT FINDLAY: I think certainly in recent times we saw that there was really just this rush to make add-on acquisitions. And ultimately the people that were adding on, it was add on, add on. Was there really any realization of any synergies from these? People were getting credit if they were looking to sell a business that were doing four or five add-ons. They were not really integrating them. They were getting full credit in the market and they were proceeding with the sale. And I think now there's a pause and I think the businesses that successfully acquired but didn't sell are now in the phase of having to integrate and re-strategize what to do now, and realize at a much deeper level, what have we bought and how are we going to integrate this or solve it?