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various departments. These objectives drive the planning process and carry incentives and rewards. Peter Drucker, who fathered the idea of *management by objectives*, nevertheless lamented: **“Management by objectives works if you know the objectives. Ninety percent of the time you don’t.”**

Yogi Berra, the colorful New York Yankees catcher, warned: **“If you don’t know where you’re going, you’re liable to end up someplace else.”** But then how do you set an objective? His answer didn’t help: **“When you come to a fork in the road, take it.”**

Think carefully about your goals and objectives. For example, speed is useful only if you are running in the right direction. A pilot got on the intercom and said: “I’ve got good news and bad news. The bad news first: I don’t know where we’re going. The good news: We’re getting there fast.”

Growth Strategies

It is not enough to be profitable. Companies must also grow. In fact, if you don’t grow, you won’t be profitable for long. Staying with the same customers, products, and markets is a recipe for disaster.

Investors want to see a growing top line; employees want to

have more advancement opportunities; and distributors want to serve a growing company. Growth is energizing. An old maxim says: “If you stand still, you get shot.”

Companies often excuse their lack of growth by saying that they are in a mature market. All they are expressing is a lack of imagination. Larry Bossidy, CEO of Honeywell, observed: “**There’s no such thing as a mature market. We need mature executives who can find ways to grow. . . . Growth is a mind-set.**” If the car market was mature, how come the minivan sent Chrysler into a growth spurt? If the steel industry is mature, how do we explain Nucor? If Sears thought that there was no growth in retailing, how do we explain Wal-Mart or Home Depot?

Companies have tried several paths to growth: *cost and price cutting*, *aggressive price increases*, *international expansion*, *acquisition*, and *new products*. Each has problems. Price cuts are usually matched and neutralized. Price increases are difficult to pass on during sluggish economic times. Most international markets are now highly competitive or protected. Company acquisitions are expensive and have not proven very profitable. And the numbers of new product winners are few.

What companies fail to realize is that their markets are rarely fully penetrated. *All markets consist of segments and niches*. American Express recognized this and created the Corporate Card, the Gold Card, and the Platinum Card. To grow, a company can make four segment moves:

1. *Move into adjacent segments*. Nike’s first success was making superior running shoes for serious runners. Later it moved into shoes for basketball, tennis, and football. Still later, it moved into aerobic shoes.
2. *Do a finer segmentation*. Nike found that it could segment the basketball shoe market into finer segments: shoes for the aggressive player, the high-jumping player, and so on.

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3. *Skip into new segments (categories).* Nike moved into selling clothing tied to the various sports.
4. *Resegment the whole market.* Nike's competitor, Reebok, resegmented the market by introducing stylish shoes for the leisure market that could be worn every day without a sport in mind.

Another growth approach is to redefine the market in which your company operates. GE's Jack Welch told his people: **“Redefine your market to one in which your current share is no more than 10 percent.”** Instead of thinking that your company has a 50 percent market share, it should see itself as operating in a larger market where it enjoys less than 10 percent of that market. Here are some examples:

- Nike now defines itself as being in the sports market rather than the shoe and clothing market. It is considering selling sports equipment and even offering services such as managing athletes' careers.
- The late Roberto Goizueta told his company, Coca-Cola, that while Coca-Cola had a 35 percent share of the soft drink market, it had only a 3 percent share of the total beverage market and it needed to increase its share.
- Armstrong World Industries, Inc., moved from floor coverings to ceilings to total interior surface decoration.
- Citicorp thought that it had a substantial share of the banking market but realized that it had only a small share of the total financial market, which includes much more than banking.
- AT&T stopped thinking of itself as a long distance telephone company and moved into carrying voice, image, text, and data on telephone lines, cable, cellular phones, and the Internet.
- Taco Bell went from an in-store fast-food restaurant to “feeding people everywhere,” including kiosks, convenience stores, airports, and high schools.

Management can search for growth opportunities using the following framework:

- *Sell more of the current products to the current customers.* Encourage customers to consume more per occasion or consume on more occasions.
- *Sell additional products to the current customers.* Identify other products that the current customers might need.
- *Sell more of the current products to new customers.* Introduce your current products into new geographical areas or into new market segments.
- *Sell new products to new customers.* Acquire or build new businesses that cater to new markets.

Achieving growth requires developing a growth mentality in the company's personnel and partners. Watch for needs not being currently satisfied. Instead of starting from the company's current products and competencies (inside-out thinking), seek growth by sensing the untapped needs of existing and new customers (outside-in thinking). Look at the end users' needs, then your immediate customers' needs, and finally decide which needs you can meet profitably.

Adrian Slywotzky and Richard Wise proposed that companies have “hidden assets” that they could apply to satisfying “higher order” needs in their markets. “Most executives have spent years learning to create growth using products, factories, facilities, and working capital. They have spent much less time thinking about how to use a combination of relationships, market position, networks, and information—their hidden assets—to create value for customers and growth for investors.”³⁵