Breakthrough
MARKETING TECHNOLOGY

Are You Asking Yourself,
"Why Can't We Grow Our Business?"

W̶e often take a direct approach and ask business teams "Why can't you grow?" Their answers tend to fall into three categories:

Leadership Mindset

- Leadership engagement in growth initiatives

- Assignment of resources

- Organizational alignment with growth initiatives

Organizational Skillset

- Knowledge of the business' growth framework

- Skills in implementing a growth project

- Effective team building

- Adeptness in using growth project tools

Operational Toolset

- Project teams have the tools to make fact-based decisions about market opportunities, value propositions, building a business case for their project, and designing a successful product launch

In this article we'll share some real-world examples of how these 3 "sets" affect business growth.

CHAPTER 1: GROWTH TAKES ALL THREE SETS

A key finding from our analysis is that businesses cannot separate the three drivers of growth - Leadership Mindset, Organizational Skillset, and Operational Toolset. They go together, must be fostered and developed together, and should be implemented with equal and shared intensity!

When Things Go Wrong

1. In one interview, one frustrated business leader declared, "Our people have all gone through new product development training and we're still not generating successful new launches." When asked about his role, we discovered that his priority was today's business, not ownership of the growth process. He attended most gate reviews, but didn't challenge the team to validate their positions. And when the team asked for Voice of the Customer (VOC) quantitative research funding, they were told that they would have to settle for interviews they had to do themselves.

2. While engaged in a market validation workshop, a team's description of their qualitative learnings fell short of expectations. When we reviewed their approach, we learned that they did not have a shared understanding of how their growth process worked. That contributed to them not being able to express their concept well. The team had skipped steps in

doing the market validation, so their understanding of the market was limited. Unfortunately, executives did not demand the team meet a well-defined set of expectations. This is a common practice in our findings.

3. Another team in a technology company was proud to have used the budget their management approved to hire a market research vendor. The vendor designed an approach with questions that worked for the analysis software they always used. But, when the results were delivered, they didn't provide any information that could be used to reduce the risk of being wrong about the nature of market demand. After thousands of dollars spent, they didn't have the right information to make fact based decisions. Unfortunately, we hear this a lot- the market research results were not useful. Advanced techniques to elicit new

insights more closely related to how customers make decisions were rarely used. Additionally, we observed survey questions that were either not properly structured or not well-linked to the research objectives, design and analysis methods. Leadership focused more on research completion than its validity.

Success stories clearly demonstrate the importance of an integrated mindset/skill set/toolset view of new business development. In every case we found explicit links between how leaders lead, how the organization did their work, and how they utilized quality tools. Detached leadership always results in poor performance. Engaged leadership is necessary but is insufficient by itself.

Enabling the development of organizational skillsets and operational toolsets is the cornerstone of leadership.

The key take-away is that Leadership Mindset, Organizational Skillset, and Operational Toolset all must function well and together to make business growth happen.

In the following chapters in this series we'll examine each set's impact on growth and provide some effective solutions. In our final chapter we'll demonstrate how all these "sets" work together to provide an integrated path to success.

CHAPTER 2: DO YOU HAVE A LEADERSHIP MINDSET?

For our purposes, leadership is the level in the organization responsible for the profit/loss of a business. Leadership also provides guidance and direction to growth teams usually comprised of business, marketing, and technical managers controlling budgets and allocating resources.

Our work with teams has identified three common leadership mindset challenges

- **Too Little, Too Late** – Ignoring the time factor

- **Fear of the Cannibals** – Perceived risk of losing control of the current business

- **Stuck in Today** – Inward focus, insular, silo structure

These challenges are often found in tandem, and are not independent of both skillset and toolset issues. Fortunately survey tools and workshops can help leadership identify their growth orientation, see how their mindset impacts growth and facilitate making appropriate changes.

Addressing the Three Leadership Mindset Challenges

Too Little, Too Late - Many projects take too long from concept to commercialization. Resources and people are spread thin. The traditional stage gate process itself, can be unwieldy. One team said, "It takes longer to get a meeting with the growth board than it does to do the work necessary to meet the stage requirements". This team counted 57 elapsed days waiting for meetings to get through the first two gates vs. about 55 elapsed days of actual work time. The project was eventually rejected for fear of potential cannibalization of existing products. Later a competitor entered the market with a new offering similar to, but not as robust as the one rejected.

You can overcome this mindset challenge by:

1. Prioritizing your work. Resource to win, and reduce the number of projects to those that are most critical to success. The key is to require robust project charters with clear goals, defined business impacts, resource requirements, and success criteria. The quality of the concept description is a good barometer. If you can't describe it, then you don't have a valid concept.

2. Simplifying your process. Leaders tend to add to processes over time versus simplifying them - leaning them out. You only need three decision points:

    • The first - after a robust market validation to clearly define the opportunity for the facts enabling the business case

    • The second - after business case generation leading to product development

    • The third - following product development, leading to launch

    Utilize coaches rather than process facilitators. Coaches take less time, cost less, and focus primarily on content and getting results. And, over time, they transfer learning to the team enhancing organizational capacity.

3. Utilizing multi-functional teams, particularly inclusive of the technical and commercial functions. Often, time is lost due to poor communication between technical and marketing teams. Join them at the hip and save valuable time. Increase the project leader's communication efficiency by providing direct access to decision makers- one of whom should be the team's sponsor. Decision makers should be aware of challenges and solutions before reaching decision points. And teams need to know the issues that must be addressed with facts.

Fear of the Cannibals: Many times, growth initiatives fail at the same time businesses begin to lose growth, share, price, and position. Leadership focuses on the existing business in an attempt to forestall the tailspin. Growth resources evaporate and budgets are trimmed to a bare minimum. The fear of product cannibalism takes on an even greater role in influencing business decisions. The key here is to innovate with fewer, safer, faster, and simpler projects. Forget the home run and start hitting singles! Demonstrate you can grow again.

1. **Focus is king.** Prioritize on the basis of speed, agility, and simplicity. Select the top few projects you can afford to resource for success. Generate charters that reflect the new growth strategy. Set tight timelines. Get technical teams on board to help set product specifications that can be developed quickly.

2. **Invest in high quality up-front market validation.** You need to get it right the first time. It is critical that you get a good understanding of value (the price they will pay) and impact on your existing business during this part of the process. Build your business case before investing in any technical development. Don't waste precious resources. Evaluate the impact of the business case on your strategy.

3. **Involve key customers early.** Risk the fear of disclosure for early adoption. Accelerate ramp-up by using your sales force and key distributors more aggressively. This is an effective offensive weapon against the price pressures of the tailspin. Move your project teams on to the next offering quickly. Repeat, repeat, and repeat until you have blunted the erosion, and then begin to engage the bigger ticket, longer-term opportunities.

Stuck in Today: Inward focus happens when leaders orient themselves only to their current business model. "We know who our customers are, what our customers want and what they'll pay for. If something changes, they will let us know". This head-in-the-sand attitude is one of the most difficult to address because it assumes your customers are in the same place you are - and if not, they will let you know so you can react. Leaders who behave this way don't recognize they have a problem until it is too late to act. An outgrowth of inward focus is an out-of-sync organization that doesn't share information across silos and competes with internal groups more than business rivals. This results in misaligned priorities across the business and slow reaction to marketplace change.

1. **Recognize that you may not know what your customers need.** Are you focused on what the ultimate end-user of your products or services really wants? If your customer is not the end-user you'll need to learn about the broader market's unmet needs and aim your value proposition at your customer's customer. Address current gaps in your customer's value proposition. Do not fall into the trap of creating new products until you have validated the market demand with analytics.

2. **Open your thinking.** Open your business to new and different models including building more service into your value proposition. Understanding real value is fairly straightforward. Begin with interviews that look at the outcomes customers want to have as a result of purchasing from you, and focus on adding value to all your customer touch points - not just the product or service.

3. **Incorporate a "market-back" entire organization.** Break away from product-forward strategy limitations. With a business orientation driven by specific markets, resource allocation can be more clearly defined. Additionally, with well-crafted charters all team members will know their role in achieving a common strategy and innovation process. Drive decisions with an emphasis on meeting customer values, how you go to market, and how you position your business in the competitive landscape.

CHAPTER 3: HOW THE ORGANIZATION SKILLSET FACTORS INTO YOUR GROWTH

We were asked by a client to evaluate approximately 30 growth initiatives across several businesses. They had recently used Six Sigma to upgrade their growth process.

The skill levels varied among the teams. Black belts were still monitoring process adherence despite the work and deliverables of their upgraded process being consistent with best-in-class approaches. Although not originally central to our discovery diagnostic, we found improvement opportunities in three major areas:

• Quality of market learnings they were able to generate

• Capability of transforming their leanings into a value proposition

• Robustness of their business case

A more in-depth description of these three areas, how they impact quality, and potential remedies to strengthen weak performance in each follows.

Quality Market Learning

The objective of market learning is to discover enough about a number of markets to make an informed decision about which to pursue. It requires identifying the market knowledge critical to decisions, then knowing how to collect and generate symmetrical knowledge on each market being considered.

Once prioritization criteria have been established, validating the nature of demand is the next step. Again, the work is focusing data gathering on what is critical to both the business decisions and analytics that will deliver the necessary market knowledge or intelligence. The discovery of insights fuels fact-based decisions for differenti- ated positionings and innovative offerings. This is how market learning drives innovation.

Market driven innovation differs from the traditional product driven approach in that a clear and analytic knowledge of the market drives the innovation process. In the latter, development is focused on making the product better to justify sales success. In the former, development is focused on translating what can deliver the out- comes targeted customers want to experience.

Quality market learning requires three critical skills:

1. Develop a robust interview guide that engages specifiers and influencers of a potential offering. A properly constructed interview guide is a powerful tool to address innovation issues. It assures you have included all relevant information required for effective learning. Interview guides should begin with general or more strategic questions and drill down into the specifics. They can be modified to be more relevant to different types of audiences, including downstream specifiers and external influencers. They should be upgraded as the learning process progresses.

2. Interview key players (specifiers and influencers) in the market. Planning and conducting interviews requires skill. Some of the people we have worked with were so unsure of themselves, they either hired external interviewers to do everything or utilized focus groups. These approaches detract from organizations building internal capability and fostering deeper individual customer understanding. Building confidence comes from practice. And, role-playing is excellent practice.

   Another performance builder is to find a *friendly* - someone in the market space that you know and feel comfortable around. Try your interviewing skills out on them, and be sure to ask for and accept honest feedback. This is also where experienced coaches can help by:

• Prepping team members for the interview

• Participating in early interviews as a resource

• Providing interview critique

   It often takes no more than a couple of interviews to reach your stride.

   If the opportunity is available, significant learning can also be obtained by observing how customers interface with your product and/or service in direct use and across multiple touch points. This observational research can take place in person or by utilization of Web-enabled tools.

3. Utilize market structures and value-adding chain dynamics to scope concepts to be evaluated. The market drivers define a specifier's:

   • Unmet needs

   • Desired outcomes

   • Benefits to be delivered

   Understanding the market structure also provides guidance into whom to interview and key strategic questions to be asked.

We often find teams spend most of their energy on the easier to engage direct users (especially those who already are customers) and as such, learn only a small portion of what they need to know.

**Transforming Learnings into a
Value Proposition**

Many consultants suggest that the only purpose of qualitative interviews is to learn what the customer has to say. Not so! It is critical that you begin the task of testing your concept statement early in your learning phase. Concepts are the seeds of value propositions that flourish. The transformation of the concept into a value proposition results from both the early qualitative interviews and the later more extensive quantitative validation.

We recently reviewed over 20 innovation project charters. You may be as surprised as we were to learn that many of the charters did not contain a well-defined concept statement and description. Discussions with other innovation coaches supported our findings. Although teams could describe what they are working on and why, they were not able to translate those thoughts into
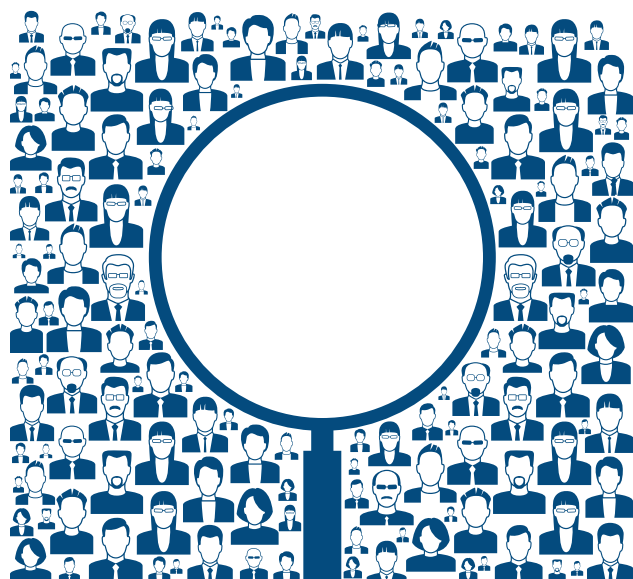
a form that could be communicated and tested with users and influencers. Defining the starting point- the concept around which market learnings must center, is essential to reach the endpoint that delivers results.

We should start with our definition of a concept statement. A concept statement has three key elements:

- **Needs** you propose to satisfy when you bring the concept to market

- **Form** the concept must take to be usable by the market

- **Technology/Capability** that provides the basis to assure the concept is meaningful and unique

At the end of every interview, once you have exhausted your learning questions, put your concept in front of the interviewee to find out their reaction. Ask about:

- Their overall impression of the concept

- The part of the concept they value most and why

- The part of the concept they do/do not value and why

- How they would upgrade the concept to meet their needs

Concepts should evolve as you learn and test them throughout your interview process.

Remember - interviews are exploratories and not to be confused with more structured quantitative validation - the stage that comes later.

Once you have a concept tested and refined **qualitatively**, you can determine the value for the concept **quantitatively**. A well-constructed quantitative survey provides the development team with the necessary customer specifications for those who will actually build the offering. The primary unknowns following qualitative exploratories are:

• The cost of developing and delivering the value proposition

• What group has what value for your concept and how many of them there are

In quantitative inquiries we use concept testing approaches that include Van Westendorp analysis to generate the value that sets of customers have for the concept. Concept testing should be entrenched in your operational toolkit - which we will cover in the next chapter. No project should proceed to development unless it passes the concept test!

Building a Robust Business Case

The business case answers the questions:

• Can we make money on this concept?

• Why do we want to pursue development of our concept/value proposition into a commercial venture?

• Is this the best utilization of our resources?

It serves as the *proof of effort* to justify the investment of resources by leadership. To build a robust business case you will need to address 4 areas:

How much value does the market have for our value proposition?	*Determines the unit value*
Who in the market has this value?	*Defines the demand by segments*
What do we need to create this value?	*Defines the development task*
What must we do to bring this value proposition to market?	*Projects the marketing expense*

The most common push-backs of project teams are: "How can we estimate market value and size, let alone what the cost of our product will be, based on the value proposition?" This issue alone can cause friction between leadership and project teams.

A well-constructed quantitative survey (which we discuss in the next chapter) provides all the information needed to build the business case. Additional benefits from generating business cases include:

• Understanding the cause and effect relationship between the market learnings from the early qualitative work and the validated learnings that are inputs into the business case

• An objective mechanism to evaluate and compare alternative projects, using the same criteria. With limited resources, only the few potential winners should compete for resources.

• Increased alignment that comes from communicating across the organization the value of commercializing the prioritized offerings

• Clarity about the source of profitable business growth

So far we have discussed Leadership Mindset and Organization Skillset. They are interdependent 'sets'. Effective Leadership Mindset uncovers weaknesses in Organizational Skillset by:

• Staying engaged

• Asking all the right questions

• Measuring the gap between what's necessary to acquire and leverage market learnings in the business and the bench strength of the current organization.

Leadership should establish performance standards that define first quality market learnings, value propositions, and business cases before allowing

the project team to enter into the development phase of the innovation process. Too often leaders make judgments on less than robust knowledge - conclusions based on inconsistent data and/or inappropriate analytics, resulting in wasted development time and inefficient use of scarce technical resources.

On the other hand, project teams who apply quality market learning, value proposition development, and business case generation processes can influence and even change leadership behavior. They can make it difficult for leaders to say no. It is easier to sell a project with well-founded market learnings than with gut feelings or hopes.

CHAPTER 4: OPERATIONAL TOOLSET: THE GROWTH GLUE THAT BRINGS IT ALL TOGETHER

So far we have discussed Leadership Mindset and Organization Skillset. They are interdependent. An effective leadership mindset uncovers weaknesses in the Organizational Skillset by staying engaged and asking all the right questions. Often leaders make judgments on less than robust data, resulting in wasted development time and inefficient use of scarce technical resources. We utilize an Operational Toolset that includes the Breakthrough Toolkit™ to transform market data into insights that are the foundation of successful growth strategies.

An effective operational toolset:

• Is determined by what the team needs to deliver and the company's culture that defines how they do it, rather than by specific marketing research methodologies

• Includes analytic tools that deliver market learning, value propositions, and the elements to generate business cases; leadership depends on this to allow project teams to enter into the development phase

• Produces market intelligence that will lead to the appropriate actions

It is useful to think of these market learning projects as having two phases

1. The collection of the data- the quantitative inquiry

2. The generation of the information to support the decisions that will deliver growth to the business

Approaches and methodologies are selected for both phases that allow for broad, robust and incisive collection of information. Emphasis is on the need for differentiating, reliable and quality information that builds to market insights competition has not uncovered.

A powerful decision support toolset is the solid footing required for strategic and tactical marketplace decisions based on fact. The Breakthrough Toolkit™ is exactly that. Growth teams and marketers use the analytic lenses within the toolkit to visualize the path to growth and business success by answering these and other critical questions:

• How important are our product attributes to the market and how do the major competitors (including us) perform against those attributes?

• What benefits (outcomes) do the specifying customers in the market want to achieve, and how do they perceive their primary suppliers performing relative to those outcomes?

• How can we distinguish between what customers say is important and how they actually behave?

• How do these attributes and outcomes vary by different segments of the market? What segments are derived from the different responses to attribute and outcome importance questions?

• How will price changes impact competitive share? How does that differ among the segments?

• How will customers value the new product concept we are considering bringing to the market? And, what would they be willing to pay for the concept?

• How will customers value new offering features we are considering? And, how does that value differ among customers?

• What new features could provide us with a 'blue ocean' of opportunity?

• How do customers perceive our brand vs. competitive brands?

• What are the underlying structural components and attitudes of the market that define where we need to focus for future growth?

Leaders must change their mindset to empower and enable the organizational change; provide the right skillset for their teams; and give them the toolset required for effective market-driven learning. In most cases the potential already exists, so it's simply a matter of orienting more focus toward a learning organization. Five steps get you started:

1. **Redefine and reprioritize project charters** using principles of speed, agility, and simplicity. Bless only those charters that meet the new requirements.

2. **Obtain market value analytics before** engaging the teams in **product development**. Using the right toolset cuts this time down to less than two months, and saves several months of wasted development time.

3. Utilize both your **marketing and technical** people in the *voice of customer* effort and demand their **consensus** on any proposal to move to the development stage. If they can't reach consensus, kill the project.

4. Obtain clarity on the development **design based on marketplace specifications**. Design may be different for different segments – don't compromise by designing to the average.

5. Begin the **launch analysis in parallel with the development cycle**. Since you have done the VOC using the right toolset, you already know enough to segment price, and position. You also should have a good sense of your route to market.

Follow these steps and you can reignite your growth machine – even in an economic downturn.

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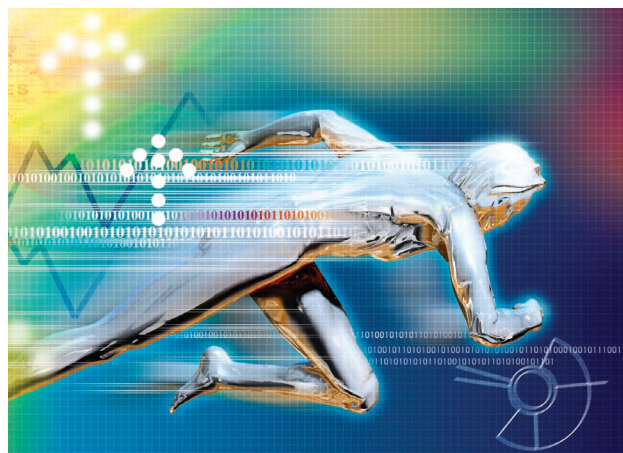
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