



# CEO Study Proves Strategic Marketing Jumpstarts Growth:

*How to Add it to  
Your Business*



**Chief Outsiders**

FRACTIONAL CMOs FOR GROWTH & MIDSIZE COMPANIES

## The Growth Dilemma of the Well-Run Company

You offer a good product or service and use best practices for operations--creating logical, repeatable processes; consistently measuring results; and refining procedures until efficiencies are maximized and costs are minimized. Even so, you are frustrated because your business' growth curve tends to mirror market growth. You expect more and are ready to move beyond the status quo. But how?

You are not alone in your predicament. A 2012 study revealed you have plenty of company with other smart, operationally-focused CEOs. Their companies are well-run but are running low on fuel for growth. The good news is it also discovered that by adding one core competency to their top management, a subset of these operationally-focused companies were able to change their growth trajectory exponentially.



## What Drives Growth? The Surprising Answer

In 2012 Chief Outsiders conducted a study in conjunction with The University of Texas, McCombs School of Business, to uncover growth drivers of mid-sized companies, interviewing nearly 200 mid-market CEO's from 27 industries.

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This study was the first ever to report that mid-sized companies fall into two distinct buckets--operationally-focused or marketing-focused. Key to classifying companies in one bucket or the other was looking at the functional experience of their top management team, the CEO and their direct reports. Cluster analysis of top management teams resulted in two groupings: the marketing-oriented group (45% of those surveyed), which included companies

whose top management teams comprised executives with marketing experience. The operationally-oriented group (55%) contained companies whose top management teams did not have marketing experience and who invested their energies primarily on driving cost efficiencies.

The CEO's background is a key determinant of how a company is run. If they are from manufacturing, engineering or sales, the company likely concentrates on operations. If their background is in marketing or information technology (IT) they are focused on the market. While analysts were initially surprised that information technology gurus clustered with marketing pros, it became evident that they had developed their marketing orientation because their rapidly changing market highlighted the need to be responsive to customer needs.

## Operational vs. Market Oriented

	<u>Operational</u>	<u>Market</u>
CEO	Operational Background	Marketing or IT Background
Mgmt Team	All Internally or "Now" Focused	Includes External "Future" Focus
Current Results	Very Satisfied	Satisfied/not Satisfied
Current Growth	At Industry Rate	Faster than Industry Rate
Future	Not Satisfied	Very Satisfied
Future Growth	Acquisition	New Product or Market Expansion

The study looked at how the companies performed and discovered that *running a company well and growing a company are two entirely different beasts.*

- **Managing a company** = optimizing operations inside the four walls.
- **Growing a company** = Looking outside to the market, and bringing that knowledge inside to transform the company's offerings to serve the market better.

The skill sets needed to run day-to-day business operations like a well-oiled machine are very different from those required to grow a company.

## The Breakthrough Insight

If the study had stopped there, it would have been interesting, but not particularly useful. However, it went a step further and revealed that *when operationally-focused companies become more market focused they grow faster than their peers.*

## Gearing Up for Growth



Working harder and harder to squeeze incremental savings out of your operational costs is like riding a bike harder and harder to increase your speed. You reach a point when your muscles are screaming and incremental

effort makes little impact. Once you are pushing the pedals as hard as you can, the only way to have a major impact on the speedometer reading is to add gears to the bike. Just as you can increase the speed of a bike by adding gears, you can grow your company's bottom line by integrating three marketing growth gears.

Like other executives who are not steeped in years of strategic marketing, you might consider marketing to be expensive, flaky, creative stuff. It's a black box that you put dollars into and hope for a little magic, but are often sadly disappointed with lackluster results.

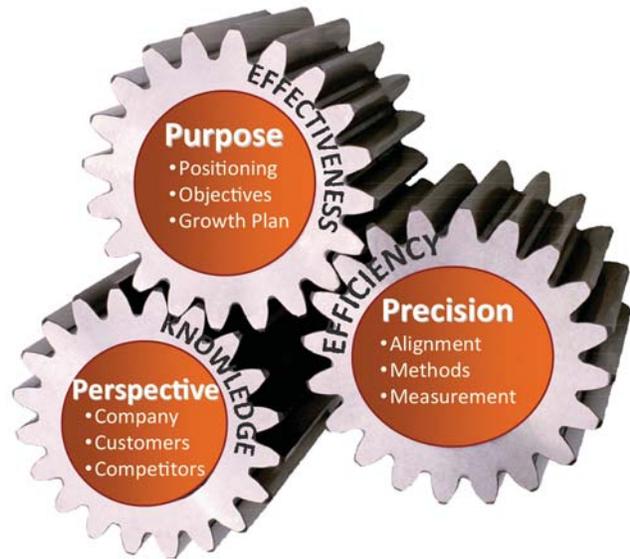
Also, you might think marketing is simply about spending money on communications—advertisements, website development, or brochures. While these are marketing tactics, if you work on them without incorporating the three marketing growth gears into your strategic planning process, your fear of the black box will

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.....

likely be realized. In contrast, when you add the three gears as an integrated set, you transform that black box into a growth engine.

The gears are:

- Perspective
- Purpose
- Precision



## Perspective – Your Company and the Market it Serves

To assure decisions are market-based your growth plan should start with an assessment of your company, the customers or consumers you serve, and the businesses that compete with you.

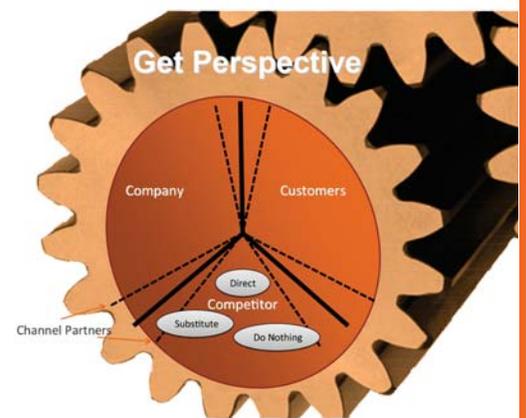
### Company – *Know Your Business*

Ask these questions to understand your business better:

- From the market's perspective what does your company do better than your competitors? Are you known for it and fully exploiting that strength?
- What are your business' passions?
- What drives your economic engine?

A natural extension of your strengths and passions is your products and services. Which are most profitable? Which are growing the most?

Also, your customers are a reflection of your business so look at your most profitable customers and figure out what they have in common. These commonalities could help you discover a market segment to exploit for future growth.



Equally important is examining the nature of customers that are weighing down your profit margins. Less profitable customers could be squandering resources that could be better deployed. Perhaps they are not a good fit for you, or you need to pursue an alternative approach to lift profitability levels.

This self-analysis helps you to dig deeper, discover the true value your company offers and which customers can benefit most from your services. The result is a sharp, high-definition picture of your company.

### ***Customers***

You know what your customers mean to you, but have you ever examined what's important to them and what you mean to them? Put yourselves in their shoes and think about their hopes, fears and what drives them. How can your product or service make their lives better? If you sell business-to-business, how can you help drive your customer's profitability? Armed with an understanding of your customer you are empowered to become a more valuable partner.

### ***Competition***

Since you do not operate in a vacuum, success is not only about your business. It's also about the competition—where they are today and where they are going. If you can ascertain what drives their economic engines, it will help you plot their potential paths. Once you can project where they are going, you can make an educated decision on whether to travel in their wake, which can be challenging, or take a different tack.

### **Purpose—a Clear and Compelling Focus**

Apply your market understanding to your company to develop a purpose. This includes positioning your company and determining its growth drivers—deciding how to change your products and services to meet the market's needs. The final piece of the puzzle is to create a marketing plan where all tactics build on each other and work in sync.



## *Positioning*

A clear brand position:

- is relevant to your prospects and customers or consumers;
- differentiates your company from your competition; and
- provides a laser focus for your marketing efforts.



For example, it's not enough to say your business is “innovative”, your services are “world class”, or you are “customer focused” because many other companies make the same claims. Find a hook that sets you apart from your competition and leverage it in the marketplace. Since you have already reviewed what your business is best at and well-known for, use that knowledge to develop a positioning statement that enables people to understand the unique value your business offers.

When you differentiate your company in a way that is relevant to your consumers, customers and prospects, you reap the rewards of:

- stronger customer loyalty;
- reduced pricing pressures;
- attracting talent, capital, and strategic partnerships; and
- increased support from existing business partners.

In addition to communicating your brand position externally, immerse employees in brand knowledge so they appreciate better how they can help build the business.

## ***Growth Drivers***

Where will your growth come from? While it's tempting to remain in areas you know well—current products in markets you already serve, this may put handcuffs on your growth potential. You should explore opportunities for new products, services, markets and distribution channels. To weigh opportunities for expansion against each other, think through the following issues:

### **Where Will Growth Come From?**

<b>CUSTOMERS</b>	NEW	New Markets	New Markets & Offerings
	CURRENT	Gain Share	New Offerings
		CURRENT	NEW
		<b>PRODUCT/SERVICE</b>	

### **Prime Your Products for Growth**

- Assess your product or service offerings to assure they meet market needs.
- Make sure services with the greatest growth potential are receiving the required marketing support.
- Look at sales and research data to determine which of your services are best aligned with today's customer requirements.
- Most importantly, look into your crystal ball and establish how long profit streams of today's products and services will endure. Just like people, products age. Plan to replace mature products, whose profit

streams will decline, with new alternatives that fit your company's positioning and promise growth based on market trends.

### Dig into Distribution Options

Your distribution choices can either set your company apart or restrict your business. So consider whether market conditions or your product offering have changed in a way that makes a new sales channel attractive. For example, over the past decade many companies embraced the realities of the Internet and moved beyond brick and mortar distribution to e-commerce.

Even if your examination of distribution options does not lead to expansion into new channels, you may learn that business is being conducted differently in existing channels and requires modification of your sales cycle or pricing model. Making these adjustments to optimize your position in existing channels can be as important as expansion.

### Open up New Markets

If you offer a good product or service and your current market shows limited growth potential, it's worth exploring new markets. This includes expanding geographically or reaching new market segments. There are several ways to do this:

- Reposition for New Uses

An example of repositioning is what Arm & Hammer did when they let the world know you could do more with baking soda than bake cookies and cakes—it can be used for everything from odor elimination in refrigerators to brushing your teeth.

- Expand Geographically
- Market to New User Segments

Ask yourself if there are any other market segments that could benefit from your product. Growth in new user segments is a strategy Facebook has used. When it first launched in 2003, Facebook was targeted to college students. In 2005 its founder, Mark Zuckerberg, added the high school version. Then they expanded to Microsoft and Apple employees. Finally in 2006 they expanded their reach to everyone 13 and older with

an email address. And by 2007 there were over 100,000 business pages. Over time the social media site has morphed from simply meeting the social needs of college students to becoming a global communication platform.

### Partnership Possibilities

Developing new products and moving into new channels can involve a steep learning curve. Since navigating uncharted waters can be difficult, you may want to form strategic partnerships with companies that have strengths in

these areas and can help you steer more safely to your destination. Also, if there are skill-gaps in your organization consider whether you should fill those gaps and grow more quickly by aligning with trusted advisors.

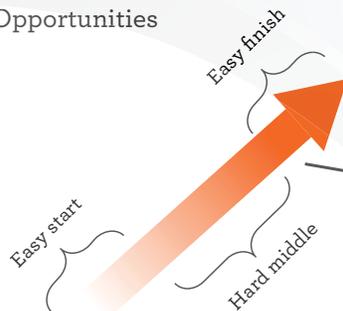
To see how gaining perspective and developing a purpose works in out:

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***“To see how gaining perspective and developing a purpose works in out: Imperial Sugar: they thought they were in the sugar business.”***  
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### *Create an Integrated Marketing Plan*

## The Reason to Grow

CEO's Vision Drives  
New Opportunities



**THERE** – Why getting there is mandatory

- Future state
- Implications of achieving
- Real and intangible benefits

**THE PLAN** – How to get there

- What will be hardest
- Resource challenges
- Metrics/milestones

**HERE** – Why staying here is unacceptable

- Current state
- Implications of staying
- Real and intangible problems

With a well-defined picture of your company's positioning and growth drivers, you can establish some clear, measurable objectives. Establishing the "make or break" initiatives provides focus for your marketing plan. The plan answers the question, "how do you plan to get from where you are today to where you want to go?" The marketing plan includes tactics that are aligned with market needs and work together to achieve specific goals. Unlike the idea-of-the-day marketing approach that leads to that black box eating up your money, it is far more likely to deliver a healthy return on investment.

Try to condense your strategic objectives, key initiatives and core tactics onto a single page. This shows, with great clarity, the critical things that need to be accomplished to succeed. This page is the top-of-mind *Cliff Notes* of your marketing operational plan.

## **Precision**

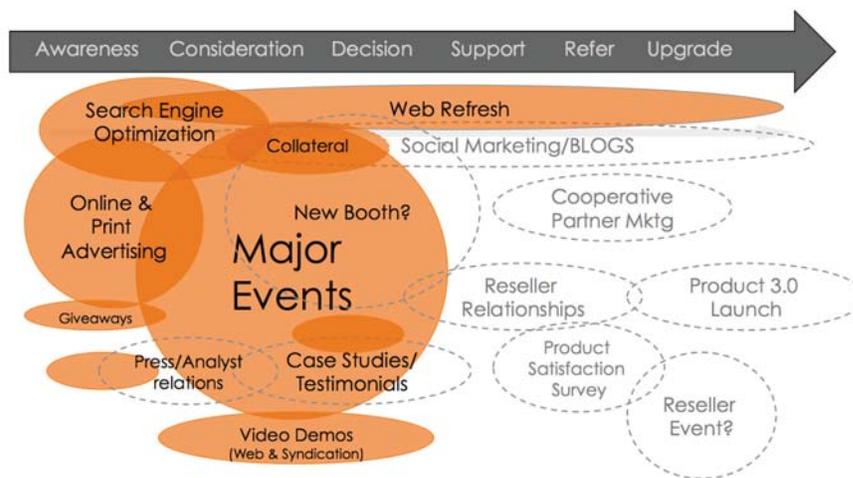
Marketing tactics that are designed to deliver specific business results can be measured and refined in the same way as manufacturing processes. Each initiative is designed to support specific phases of your target customer's buying cycle such as:

- Awareness
- Consideration
- Decision
- Post-purchase support
- Referring your product or service to others
- Upgrades



Since you know what you are trying to accomplish, you can gauge whether each tactic is producing the desired results. For example, is search engine optimization helping your website climb in Google's rankings? Is it attracting website visitors and increasing awareness? Are video demonstrations converting prospects to customers?

Stick with what's working, but always test it to see if you can achieve even better results. If, on the other hand, some initiatives are not producing the planned outcomes, experiment with new or revised tactics. *Before you try anything, however, set your objectives and decide how they will be measured.* Always follow up to see if you achieved your goals.



It's also instructive to review marketing tactics to see which phase or phases of the buying cycle each supports (left) and determine what percentage of your marketing budget is spent in each buying phase. If

you find your marketing dollars are focused, for example, on the early phases of the buying cycle and you are generating brand awareness or leads but not sales, you might consider redistributing the dollars to convert more leads to sales. They might be better invested in in-store promotions or sales efforts that turn interest into purchases.

## Your Path to Growth

The bottom line: research has shown that if you run an operationally oriented company, you can substantially change your future growth path by developing marketing excellence within your operations. You do this by looking beyond the company walls to gain a market **perspective** on your company, customers and competition. From that perspective you develop **purpose** which includes your brand position, future growth drivers, and an integrated marketing plan. Then you execute the marketing plan with **precision** and accountability, ensuring you maximize return on investment. *The three gears of perspective, purpose and precision have to the power to turn the mysterious black box of marketing into your engine for growth.*

## About Chief Outsiders

Chief Outsiders, headquartered in Houston, TX, is unique among strategic marketing consulting firms, taking growth and mid-sized companies to the next level with outsourced CMO services. Unlike most marketing consulting firms, Chief Outsiders believes that delivering a world-class marketing strategy creates very little value. The value is created by helping the organization implement the growth vision.

Regional offices serve clients across the country and are located in Texas, Pennsylvania, New York, New Jersey, Connecticut and Georgia. Chief Outsiders has been a premier source for marketing expertise, execution and leadership for companies such as KBC Engineering, Alen Air Purifiers, Bethyl Labs, NetworkIP, Blickman, and Certified Steak & Seafood. For more information, please visit [chiefoutsiders.com](http://chiefoutsiders.com). ■



### About Art Saxby

Art Saxby has secured a reputation as a “Mr Fix It” outsider for small to midsize companies. Saxby positions himself as the #2 marketer to the CEO, using his proficiency in finance and operations to help the company identify its original goals, develop plans to overcome obstacles, and achieve measurable profitability and success. Saxby’s marketing and strategy success stories include his work for Hines Horticulture, Imperial Sugar, Frito-Lay, Kellogg’s, Coca-Cola and Compaq/HP. His specialties include multi-channel marketing and advertising, branding and position strategies and implementation and change management. ■



### About Pete Hayes

A technology and global channels marketing powerhouse, Pete Hayes possesses an impressive track record of proven success in global marketing, promotion, brand development and consulting with leading multinational technology businesses. Hayes has held executive marketing positions with Fortune 100 companies, managed \$50 million budgets, and has given startups the executive management they needed to grow from first steps to over \$1 billion in revenue. His technology and professional services skills have benefited AMD, SicolaMartin, IBM, E-mu Systems, Businessland and other dynamic companies. ■

If you are interested in learning more about how Chief Outsiders Tribe of experienced marketing executives can help you assess your situation and offer an informed perspective on how to approach your growth, [request a complimentary consultation](#) today.



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