Understand the Changing Rules of Revenue Growth

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Problem: Revenue growth and creation are becoming less productive with current models, paradigms, and leadership structures.

Opportunity: When the playing field is equal, the differentiating factor is how anchored you are in the customer experience and how committed you are to adapt your organization to be able to deliver on that customer experience consistently and profitably even amid uncertainty.

Resolution: Confront the limitations and opportunities that reside with the current realities that shape the structure of your revenue creation and growth planning to gain key insights that will allow you to champion growth in every area of your business.

> ***"...leaders of these organizations want growth, but they want that growth to look like it has been in the past rather than adapt to what it will be in the future.***

Over the last fifteen years working with hundreds of organizations with annual revenues from $5 million to $500 million, I've begun to see some shifts that are moving beyond trends and becoming new realities. That doesn't mean I'm suggesting all current revenue models are falling apart. What I would suggest is that the mounting marketplace pressures that leaders feel are starting to show up in revenue modeling, forecasting, and reporting at a level of significance that can't be ignored, strong-armed, or postponed much longer. And addressing those deficiencies is more complex than anticipated.

What's always been interesting to me is that the largest organizations—the ones with the most marketplace presence, revenue, and opportunity to meet customer demands—are often the least likely to make the massive shifts necessary to stay healthy and continue growing. The conversations inside many legacy organizations shifted long ago from growth to efficiency. (And "efficiency" is not necessarily bad unless it is an internal code word meaning "keeping things the same.") I find that the leaders of these organizations want growth, but they're looking for it in the past rather than adapting to ensure growth in the future.

Conversely, smaller organizations, which are often closer to the tension felt by their target customers, are often severely limited in their ability to innovate and deliver the massive change necessary to create pivots in mass markets. While most of the new ideas are taking shape in smaller organizations, they lack marketplace presence, money, or capacity to deliver these solutions at scale.

That ecosystem of smaller organizations innovating and larger organizations acquiring has worked exceptionally well in the past, but even that is breaking down. Because the speed to market and the barrier to entry is getting lower and lower, it's helping smaller organizations not only moving ahead of larger ones—it's putting them on the same playing field.

The Rules of Revenue Growth Have Changed

I recognize that this is an oversimplification of current reality, but I think you'll understand where I'm headed. When revenue creation and growth was driven by organizations that could afford the tools, that controlled marketing and advertising, and had enough people to drive functions like research and development, it was very difficult for anyone else to enter the market. But that reality isn't true anymore since the very things that made large organizations successful are no longer exclusive to them.

When the tools, talent, and opportunity are equal, it comes down to the customer experience. And your ability to deliver on the customer experience will define your capacity for revenue growth and creation. The trouble is business structures, revenue models, and leadership paradigms aren't adapting fast enough.

The size of the organization is no longer an asset. In fact, it can become a liability—whether big or small. The greatest asset in the new era of revenue creation and growth is agility. And that is the foundation upon which I will outline ten realities that I believe will shape revenue creation and growth moving forward for large and small organizations.

> ***"…growing organizations are actively looking for the gaps and see them as the source of new learning and insights that will deliver new realities. While declining organizations avoid the gaps because they know what they will discover will cause them to change strategy, shape, and direction.***

10 Realities Surrounding Revenue Creation and Growth

1. ***Traditional attribution models can't keep up with measuring the customer experience.*** The customer is demanding a blended experience. That means shifting our thinking to portfolio valuation and lifetime value to make better, more informed decisions.

2. ***Defining ROI by channel provides a fractured and incomplete view of campaign success.*** When has a direct mail champion ever suggested an organization send less direct mail? Never! ROI by channel, as it is practiced today, doesn't take into account that engagement and cultivation cycles require multiple touchpoints. We're still measuring marketing campaigns in industrial terms, and it's limiting our learning capacity.

3. ***Current hierarchical structures don't encourage interdisciplinary and interdependent***

teamwork. I'm not suggesting that we do away with organizational structures entirely. I am suggesting that we view project and outcomes management less as an assembly line and more as a design thinking approach.

4. ***Data and analytics aren't just the toolsets of quantitative analysts and statisticians.*** In the age of self-service analytics, the executive team needs to lead the way in supporting their conversations, assertions, assumptions, and strategies after wrestling with the data long enough to make sense of it.

5. ***Twelve- to sixty-month strategic planning is archaic and non-productive.*** Unless you're part of the C-Suite or Board, you need to be thinking in ninety-day segments. Any further out is speculative at best.

6. ***The C-Suite won't be able to maintain its current mix of seats and responsibilities.*** The disruptive focus right now surrounds the changing shape of marketing. The move from Chief Marketing Officer to Chief Growth Officer is signaling that new leadership structures will be required to produce new results. While the chatter is focused there now, it will eventually work its way through the entire C-Suite.

7. ***Perfecting broken models won't somehow make them work again.*** A more efficient revenue model with declining results just means you'll arrive at the bottom faster. Losing less this year than last year is not growth.

8. ***Eliminating learning initiatives due to budget constraints is a self-fulfilling prophecy.*** This is the biggest mistake. It contributes to staff turnover, stunted thinking, and the most poisonous reality of all—"If we didn't come up with the idea, it doesn't matter."

9. ***Edge initiatives aren't a luxury to your business planning and evolution.*** You always need to be testing against your current strategies. You can do this without being tremendously disruptive. Innovation and growth are a numbers game. Iterative improvements across current business lines won't be enough to make up for the disruption that you're experiencing or will soon experience.

10. ***The measure of employee success as defined by years of service is flawed.*** We need to shift our thinking away from years of service to projects, teams, and achievements. Curiosity and self-determination are characteristics that will produce your most profitable and productive employees.

This list isn't intended to be exhaustive. Rather, these are personal observations that look starkly different to growing and declining organizations. What's interesting is that growing organizations are actively looking for the gaps, which are seen as the source of new learning and insights that will deliver new realities. On the other hand, declining organizations avoid the gaps because they know discovery will lead to a changed strategy, shape, and direction.

Growth Isn't for Everyone

If I could add one more reality to the mix it would be this: not every leader and organization wants to grow. This is the legacy trap. I don't believe any leader or organization intentionally gets to that place, but it's easy to risk everything when you have nothing. When you have predictable revenue streams, operational dependencies, and industry and marketplace constraints, it's easy to understand how the shift to survival overtakes the drive to thrive.

Safety and security are an illusion. Growth is constantly and consistently a risky business. But when you walk away from the table, you don't get to keep what you have. That's when you start to lose. It may be decades before you recognize the loss, but it will happen.

Perhaps the biggest learning of all is that the future of revenue creation and growth resides in the most complex challenges, questions, and obstacles you are facing today. Your courage to face them and bring the unknown into the known will not be your undoing. Rather, it will be your salvation.

About

Ben Stroup is Chief Growth Architect and President at Velocity Strategy Solutions where he helps leaders design, develop, and deploy smarter business growth strategies. Ben is a futurist, disruptor, and data champion. He leads a team that takes a structured learning approach to business challenges, which allows them to assist leaders in bridging the gap between ideas, innovation, and revenue—taking ideas from mind to market.

Velocity Strategy Solutions is an on-demand, next-generation business strategy and management consulting firm which provides clients with a relentless focus on data, execution, and results that positively impact the bottom line. Velocity delivers integrated people and revenue strategies combined with a disciplined approach to growth architecture that elevates the capacity of leaders, teams, and organizations to succeed and win more.