

# The Secrets of business growth:



In the second article that explores the "big" factors that influence business growth, Andrew Scott,

Managing Director of marketing consultancy firm Purplex, discusses three factors that high-growth companies have in common.

### THREE STEPS TO GROWTH

Look at any industry and even in the deepest depths of recession you will find one company that succeeds on a massive scale. This one company takes market share, creates new opportunities and outmanoeuvres its competitors.

As competitors scurry to catch up, this company is already ahead of the game and the gap between this unstoppable machine and its competitors widens continuously. Analysts will point to mega-brands such as Coca Cola, McDonalds or Apple and give case studies and comparisons, but only a few high-growth companies are mega-brands. Outstanding, high performance companies can be found in even the smallest industries or sectors, and they share three common factors.

### THREE FACTORS TO SUSTAINED GROWTH

Creating a business growth plan, especially in a difficult market and with uncertain economic times, requires significant research, planning and strategy. However, you will find every growth business does three things consistently well:

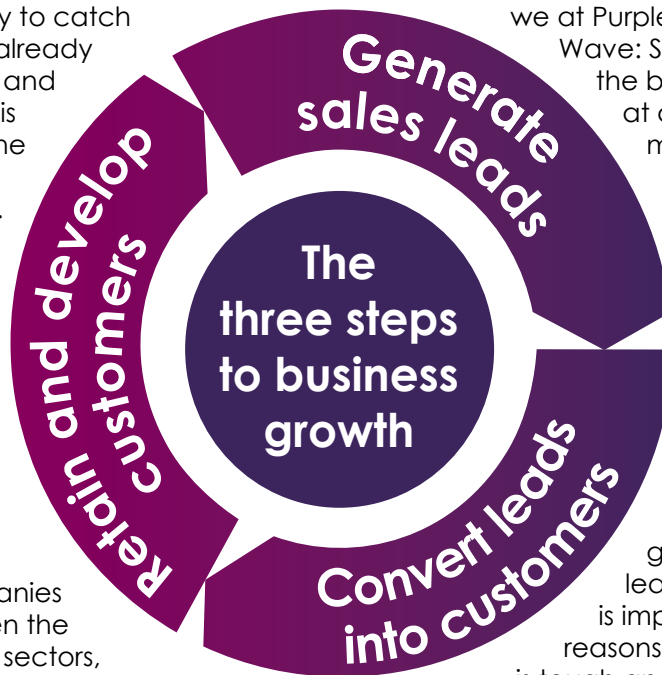
1. **Generate sales leads**
2. **Convert leads into customers**
3. **Retain and develop customers**

Where a business is struggling to achieve the critical numbers, one or more of these factors will be weak. Management will often lament that they can't justify the marketing spend, sales costs or customer services strategies, while watching market share and margins slip as competitors overtake them. Yet sometimes only a small change in strategy can make all the difference.

### GENERATE SALES LEADS: AVOID THE MARKETING WAVE

Many companies are guilty of what we at Purplex call the Marketing Wave: Sales slow down, so the boss throws money at advertising and marketing. Business picks up and marketing is put on hold. Sales volume declines again, and the boss puts their foot back on the marketing pedal.

Having a marketing machine that continuously generates sales leads and enquiries is important for several reasons. Firstly, when business is tough and sales leads are few and far between, the temptation to



secure a new customer by discounting or taking financial risks is always greater, but when you have a stream of sales enquiries you can focus on the new customers that are most valuable to your business.

Secondly, have you ever noticed that perhaps 20% of your existing customers are low margin, high maintenance customers that drain resources and put your business under pressure? With a steady flow of new prospects you can systematically replace these difficult customers with new business that represents better long-term value.

If your aim to build a sustainable, profitable growth business avoid the Marketing Wave and make lead generation a central part of your daily strategy, irrespective of whether business is quiet or busy.

### **CONVERT LEADS INTO CUSTOMERS**

The second characteristic that growth companies share is the ability to convert sales leads into customers. This may sound obvious, but very few companies really analyse sales conversion rates or understand the real reasons behind prospects that convert to customers and those that don't. This information is vital to refining and improving the sales process.

With increased competition and difficult market conditions, using prospect and customer management software is now essential. A prospect that says "no" is really only saying "no for now". Having a system that follows up and stays in contact with prospects, long after your sales rep has moved on to the next target, will ensure more prospects convert to customers.

Successful, growing companies also recognise that a well-trained, motivated sales team is crucial. Sales training is one of the best investments you can make to improve sales conversion rates, profit margins and average order values.

### **RETAIN AND DEVELOP CUSTOMERS**

Once you have a new customer, how do you build on that relationship? In our article last month (Windows Active, July/August) we explored "growth through customer service".

What do your customers really think of your product and service offering? How do you measure customer service, and equally important, customer loyalty?

Companies can invest heavily on external marketing yet miss the sales opportunities within their existing customer base. Are your customers buying all their products from you? If not, could they be? What are the opportunities to increase frequency and value of purchases?

### **KEEPING IT SIMPLE**

Growing any business in a difficult, volatile market is not easy. Yet look around and you will see high growth companies. A closer inspection and you will discover these companies all focus on generating sales leads, converting leads to customers, and retaining and developing their customers. If your business isn't achieving its critical numbers, try keeping it simple and review these three essential factors.

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