

Executive Forum 2024: Navigating Growth — organic and inorganic strategies for manufacturers

Teaser Video Transcript

Differentiation and Unique Value

Let's dive into our next discussion area here and get a little deeper on organic growth specifically. So describe at a high level the different organic growth strategies and I know you did a little bit of that when we were kind of introducing which areas you're going to be talking about. But I know there are a myriad of different organic growth strategies that you help with.

Can you start maybe listing those off and saying a little bit about what they are specifically? Sure. Yeah, certainly. So I think, companies certainly have their current portfolio of products and services. And so what might you do with that current portfolio, you could certainly sell more of it. So how might you sell those products, those services to existing customers so you can develop strategies around how you might expand, you know, would you, would you add capacity? Would you make a calculated investment on where to add capacity to be able to support growth of current products and services?

You might look at geographic expansion. That's another strategy. So if we think geographically, if there's an organization, you know that that maybe operates only in in, in the Americas and wants to be an EMEA, for example, or wants to go to APAC, what does that geographic expansion look like? There's a whole host of things that are required to be able to enable that. And so that could certainly be a growth strategy. Channel expansion could be another one. It could be the use of the wholesalers, the use of distributors direct to consumer there.

There's a number of things that are that are available in terms of channel expansion. And so all of those require investment as well. But they're certainly growth strategies. The other one is the development of new products or new services, things that don't exist today. And so those are obviously R&D based. They're usually rooted in really thorough market analysis to identify, what the probability of success is, what the need is, how well the company can, can meet, can meet that need and to do so profitably. And so I think that's a big one.

Another is the concept of bundling or cross selling. If you think about customers and, and what they buy today, is there an opportunity to upsell or bundle or cross sell other products? Believe it or not, another growth strategy might be segmenting customers and looking at what those customers are buying and who is in, you know, who's spending the most money, who's generating the most, you know, operating margin, gross margin, I should say, if you will for, for your organization. And then thinking about how you lean into that from a growth perspective, but also are there are there products and services that need to be rationalized? Part of, you know, part of growth is, isn't always adding new products, adding new services.

A good strategy involves looking at what's being offered today and is it relevant to the market? Is it differentiate? Is it accretive to the brand? Is it accretive to, to the overarching business strategy and what you and your board are trying to accomplish? And sometimes the answer is no. And so, so you have to be willing, you know, to kind of take that, that, that critical eye, if you will, and look at those things that that may not make the most sense and, and be willing to be willing to rationalize. But those decisions are typically made within the context of a broader understanding of what you're trying to accomplish as a business, how and where you're trying to grow.

And, and again, as I said a second ago, how you differentiate, what makes you different, what makes you unique. And at the end of the day, the long term goal is obviously growth, but how do you do that? How do you do it profitably? And, and how do you ultimately grow the bottom line? How do you throw off the EBITDA that you're looking for and, and have a good healthy cash conversion cycle.