



Growth Strategy

By: Erica Olsen

Where to Play & How to Win.

A guide to creating a winning growth strategy.

In this guide, we will cover:

- [Introduction: What is a Growth Strategy?](#)
- [Pro-Tips from the Field](#)
- [The Framework for Growth](#)
- [6 Steps to Building a Growth Strategy](#)
- [A Canvas to Build Your Growth Strategy](#)

Phone

Main: +1-775-747-7407

Online

Email: hello@onstrategyhq.com

Web: www.OnStrategyHQ.com



@OnStrategyHQ



@OnStrategyHQ



@OnStrategyHQ



@VirtualStrategist

Introduction: What is a Growth Strategy?

Growth Strategy: Where to Play & How to Win

Most everyone agrees that growth takes care of several problems—assuming the growth is the right growth! Crafting and implementing a well-intentioned growth strategy require identifying where you are—or will — play and how you are — or will be — differentiated in selected fields of play. To underscore the importance of this work, a strategic plan without depth around how to succeed in retaining and acquiring customers lacks the “strategic” part of a plan.

After all, a strategic plan is fundamentally a plan for growth. Developing a thoughtful growth strategy can be a difficult exercise and, as always, this guide intends to make it easier. Use the Growth Canvas as a worksheet to build yours.

Editor’s Note

The OnStrategy Team is passionate about this topic since we review hundreds of strategic plans a month and most do not lay out a solid approach to growth. Strategic plans that are internally focused are bound to frustrate and not deliver the results intended.

We hope this guide helps you and other executive teams avoid this pitfall and build a strategy that crushes your goals!

Tips from the Field

4 Pro-Tips on Developing a Growth Strategy

Leverage wisdom from the crowd.

Customer, competitor and market research is ideal to improve the certainty of your choices. However, if you don't have it, start with the "wisdom of the crowd." You and your team know a lot — start with what you know or hypothesize.

It's not about beating your competition.

Business is not a zero-sum game — it's not about beating your competition. Rather, it's about being differentiated and providing value that meets a need uniquely.

Strategy is about choice.

Strategy is about making choices such as deciding to focus on one market over another or one product over another. You and your team must be willing to make choices to develop a growth strategy. Choosing means saying yes to certain things and no—or at least "not now" to others.

Testing is OK.

To reduce the anxiety that comes with making difficult decisions, consider piloting and testing your strategy before going all in.

You'll have to adapt.

Expect the need to adapt, adjust and shift as you learn from the market response. Allow for the time and energy required for the learning cycle.

Framework for Growth

Every Plan Needs a Growth Strategy

Intentional growth is the outcome of implementing a calculated growth strategy. In other words, shifting your organization's growth from opportunistic — jumping at what comes your way — to being proactive and deliberate — whereby, building the business you want.

Lafley and Martin's book "Playing to Win" outlines a great framework to build an intentional growth strategy. The framework is broken into five parts, which we adapted from "Playing to Win," with our own spin based on learnings from the field.

1. **Growth Goal** is bringing in your financial goals as a direction and anchor for building the whole growth strategy.
2. **Where to Play (and not play)** addresses which market or customer segments you are targeting — whose needs you are meeting. Of equal importance is identifying markets you will not enter.
3. **How to Win** addresses how you meet customer needs in a differentiated manner.
4. **Growth Enablers** prompt thinking around what you need to enable growth.
5. **Prioritizing How to Grow** summarizes all of the above by prioritizing what strategy to deploy first.

6 Steps to Building a Growth Strategy

01

Part 1: Growth Goal

The velocity and the slope of growth — where you are today to where you want to be in, say, three years — is critical to guide the development of any growth strategy. It matters because the goal directs how steady state or transformative the growth strategy needs to be.

For purposes of this work, set the growth goal in terms of revenue — actual dollars or percent growth from today to the end of year three. Dig deeper by checking out our Goals/OKR Setting guide.

02

Part 2: Where to Play

Defining “where to play” looks at current and new markets/customers as well as current and new products/services. How you answer these questions can initially be based on you and your team’s perspective, however eventually we recommend updating it with customer/market research.

A word of caution — this outline purposely provides a simplified approach to an exercise that is much more complex. (If you are looking to go deeper, we love Strategic Marketing Management by David Aaker.) We promise you’ll even find a rough draft helpful to align your team and move forward.

What markets/customers do you (or can you) serve?

Use the following questions to outline your current and new market/customer segment(s) opportunities.

- » **Needs** - What are the primary needs? Why do they buy from us? What problem/opportunity are they trying to solve?
- » **Demographics/Firmographics** - What are the critical characteristics that define the segment? (B2C - Age, Income, Gender, Occupation, etc.) (B2B - Revenue, Number of Employees, Titles, Industries, etc.)
- » **Geographics** - Where are they located?
- » **Psychographics** - What are critical traits such as interests, attitudes, lifestyles, etc.?

What products/services do you (can you) provide?

Use the following questions to outline current and new opportunities for each segment.

- » **Profitability** - How are current products/services performing? Do any need to be sunsetted due to poor profitability?
- » **Unmet Needs** - Are there unmet customer needs that we are positioned to fill with the right product/service?
- » **Portfolio** - Are there gaps in our current portfolio? Are there any obvious product/service adjacencies?
- » **Channels, etc.** - Are there new channel, partnership or bundling opportunities?

03

Part 3: How to Win

Now that you've decided where to play, turning that into an actual growth requires retaining current customers and acquiring new ones — or winning

customers from competitors or the dreaded competitor of “inaction.” Defining “how to win” looks at identifying or creating competitive advantages and providing a differentiated offering with superior value.

What are we best at?

A competitive advantage is a characteristic(s) that enables you to meet your customer’s need(s) better than the competition can. It answers the question “What are we (or can we be) best at in our market?” The easiest way to identify your competitive advantages is to start with the list of strengths from your SWOT and identify which ones meet all of the following three criteria:

- » **Different than Competitors** - Competitive advantages must be organizational strengths unique to your organization. These are the strengths that set you apart from your competition.
- » **Customers Value It** - Competitive advantages must be traits or strengths important to your customers. If the strength you’ve identified is important to you but not important to your client, it’s not a competitive advantage. It must have value to your customer!
- » **Sustainable** - Competitive advantages must be hard to imitate otherwise they are easily copied by your competitors and no longer unique to you!

Looking to go deeper? Check out our dedicated guide on identifying your competitive advantages.

How are you differentiated?

Identifying how your products/services are differentiated and provide superior value is most easily done by choosing one of the three approaches for differentiation, architected by the god of strategy Michael Porter. As Porter wrote, “Strategy is about setting yourself apart from the competition. It’s not a matter of being better at what you do — it’s a matter of being different at what you do.”

Choosing one of the three approaches is oftentimes the hardest part of crafting your growth strategy because we have found that executive teams like to combine them. Don’t do it. In order to deliberately be differentiated, you need to pick one. Period. That said, you may still need to have a market presence in two, **but you are choosing to be differentiated based on one.**

Think about your competitive advantages and determine which one is where you are or can be differentiated.

- » **Competing on Scale** - Known as “Total Low Cost” means your competitive advantages are things like — low price, limited options, ultimate convenience; ability to managed customer expectations; ability to prioritize supply chain and infrastructure investments for efficiency; and a culture of lean processes and process improvements. Think Southwest.
- » **Competing on Speed** - Known as “Product/Service Leadership” means your competitive advantages are things like — good design, great execution; currently educating and leading the market; a culture that is ad-hoc and risk-oriented; and an organization designed for innovation. Think Apple.
- » **Competing on Scope** - Known as “Customer Intimacy” means your competitive advantages are things like — offerings that are tailored to customers and segments; Deep insight into customer need drives custom development; and a problem-solving service culture. Think Edward Jones.

04

Part 4: How to Enable Growth

Now it is time to look internally to determine what are the key capabilities and systems required to enable opportunities under where to play or competitive advantages needed under how to win. This section is probably the easiest of all four, but a word of caution: Avoid listing everything that you need in these two areas. Rather, critically think about what is required to create a competitive advantage and win customers.

- » **Capabilities Needed** - What critical skills and core activities must consistently be performed at the highest level in order to achieve the advantage in each of our chosen spaces?
- » **Systems Required** - What key technology systems, processes, and organizational structures must you have in order to sustain your competitive advantages and support our strategic choices?

05

Part 5: Prioritize How to Grow

Once you've defined where you will play and how you will win, stand back and prioritize the four standard strategies for growth. The four strategies for growth come from the combination of current and new customers and new and current products/services. Use the markets/segments and product/services outlined in "where to play" and the strength of how your competitive advantages in "how to win" apply to those opportunities to prioritize the below strategies:

- » **Market Penetration** - Grow through going deeper in your current markets/segments with your current products/services.
- » **Market Development** - Grow through entering new markets or serving new segments with existing products/services.
- » **Product/Service Development** - Grow through offering new solutions to current markets/segments.
- » **Diversification** - Grow through entering new market/segments with new products/services.

06

Evaluation: Did You Get it Right?

Before you consider the strategy ready for planning, take a minute to see if the growth strategy will achieve your financial goals. To do so, roughly add up the estimated potential for current/new markets, segments, products/services that you expect to realize in year three. While you will likely not have specific numbers, guesstimate to the best of your ability to determine if the new opportunities plus your current book of business adds up to your three-year revenue target. If it does, you've created a growth strategy that hits the mark! If it does not, rework "where to play" to uncover more growth potential.

Want to go deeper? Build out a financial projection or pro forma to turn the estimates into a more concrete evaluation.

Growth Strategy Canvas

Org Name:

Date:

You must to answer these two core questions:

1. Where do we play?
2. How are we going to win?

1 Growth Goal

What is our revenue target? By when?

2 Where to Play

Identifying or creating competitive advantages and providing a differentiated offering with superior value.

Current Customers

What are the primary segments you are serving today?

Current Products

What current products/services are growth opportunities?

New Customers

What customers could you serve?

New Products

What new products/services are growth opportunities?

Not in Play

What segments, regions, product/service categories are not fields of play?

3 How to Win?

Now it is time to look internally to determine what are the key capabilities and systems required to enable growth opportunities.

Competitive Advantage Today

What are your sustainable competitive advantage today?

Competitive Advantage Needed

What advantages do you need to develop for your future?

Differentiation & Value

How will we be differentiated and stand out from the crowd?

Systems Required

What are the primary segments you are serving today?

Capabilities Needed

What are the primary segments you are serving today?

5 How to Grow

Rank the four strategies based on opportunity and fit to where to play and how to win.

RANK

Market Penetration

Grow through going deeper in your current markets/segments with your current products/services.

RANK

Product/Service Development

Grow through offering new solutions to current markets/segments.

RANK

Market Market Development

Grow through entering new markets or serving new segments with existing products/services.

RANK

Diversification

Grow through entering new market/segments with new products/services.

6 Evaluation

Rank the four strategies based on opportunity and fit to where to play and how to win.

Identified Customer Segments

List the current and new customers identified in Where to Play.

Projected Revenue

Provide a revenue projection for each customer segment.

Estimated Total

This roughly reach your revenue goal.



We build and review thousands of strategic plans every year. We'd love to review and provide you feedback on your growth strategy!

Contact us at Hello@OnStrategyHQ.com

Phone

Main: +1-775-747-7407

Online

Email: hello@onstrategyhq.com

Web: www.OnStrategyHQ.com



@OnStrategyHQ



@OnStrategyHQ



@OnStrategyHQ



@VirtualStrategist