BUSINESS STRATEGY & GROWTH

Strategising for Growth

By Leyla Hussein • 22 January 2019

A founder sat in front of me with a whiteboard full of arrows and asked the question I hear more than any other. Where do I even begin? He wanted to grow, he had the appetite for it, and he had no idea which lever to pull first. It is a fair place to feel stuck, because growth is not one decision. It is a choice between several.

Most businesses want to grow inside the markets they already know, and immediately the options multiply. Expansion strategies, pricing strategies, market entry strategies, marketing strategies, on and on. Whatever the route, one question sits underneath all of them: will this venture be sustainable? Ansoff's Matrix gives you a simple framework to think it through, weighing your market against your portfolio of products and services. It breaks down into four moves.

Market penetration

This is growing in an existing market with existing products. Common, but effective. For a lot of companies one product or service outshines the rest and becomes the cash cow they want to keep milking. The trap is that you cannot keep selling the same product the same way to the same market without slowly bleeding share. It needs adaptation and variety, especially now, when people simply expect more. If you suspect your product is approaching maturity, build an extension strategy and reimagine it: new packaging, or if it is technology, a genuinely good update. Use innovation and a little psychology to convince customers the thing they already know is new and improved, and you create return buyers and existing clients wanting to upgrade.

Market development

Here you take an existing product into a new market. It is marketing-heavy, because the product is unknown there and the space is already crowded with competitors. You will need real market research to confirm there is a need at all, and to work out how to communicate the benefits in a way that lands with a new audience.

Product development

A new product for an existing market. Probably the most popular growth strategy, and one many treat as the easiest. Selling a new version to a market that already knows you needs less research up front, but do not skip it, because markets shift, trends come and go, and you still need to check. What it really demands is serious research and development, so you can hand your existing customers something new, updated and genuinely worth their attention.

Diversification

The riskiest and most time-consuming of the four: a new product in a new market. Now it is not just the market researchers with their work cut out, but marketing, research and development, and design too. Every function has to run new studies and build new things, and it is risky precisely because all four have to stay aligned. A slip in one and the research may not hold up in the real world. But great risk carries great reward, and a genuinely innovative product entering a new market, marketed well, can outperform every other strategy combined.

Choosing well

Ansoff's Matrix is a useful visual tool for lining up your resources behind growth. It forces the honest questions. Do you really know your market? **How fierce is the competition?** What assets do you actually hold in terms of skills and innovation? Perhaps your newest product is declining faster than you expected, a sign that you have been running a product-development strategy and have now exhausted the market, or that you need more exposure in it. Let that push you to look at other strategies that might suit you better. Always find the growth strategy that fits your current environment, but **research your markets first.**