

LISTENING IS THE KEY TO PROSPECTING

By Andrea Trachtenberg

Many moons ago, I had the privilege of teaching a course on strategic marketing at a well-known business school in New York City.

As part of the coursework, I emphasized the concept of the business lifecycle. Like humans, a business also moves through distinct life stages – with each phase posing unique business challenges, opportunities and threats.

For each life stage, service providers need to listen and understand which traits can trigger timely business opportunities.

KEY TRAITS

First you have to identify the proper stage of growth. The main stages and key traits of the business lifecycle are:

- Development—idea generation, substantial investments in research and development, analysis, fund raising, value proposition, naming
- Introduction—slow sales growth, low/no profitability, high expenses, minimal marketing budget, education, foundation build, intense selling and awareness building
- Growth—rapid revenue/sales, expansion of product line and distribution, profitable, but high costs, aggressive promotion, increasing competition
- Maturity—slow/incremental sales growth and/or decline in profits, increasing competition from new entrants, critical inflection point-need to reposition, harvest or sell

COMPANY METAMORPHOSIS

Interestingly, there is no hard definition or average number of years for each life stage. Even within the same industry, companies may grow and mature at vastly different rates. Some companies take years to launch their first product, others take months. Conversely, I know companies that have “milked” their core products, refusing to invest in the business for years until the final harvest is sown.

Many companies also find themselves at critical inflection points before they reach maturity and are advised to immediately address changes in their business model. With the rapid rise

in technology, the globalized economy and changing consumer needs, companies must constantly pay attention to their customers and to new, non-traditional competitive entrants. I call that having “eyes in front, on the side and in the back of your head.”

LISTENING CLOSELY TO FIRM NEEDS

A company’s strategic plan will likely correspond to its present life cycle. Translating the business life stage into opportunities is also critical to new-business development professionals.

By understanding the core needs of a company and listening to what key executives say, you can adjust your corresponding pitch to offer those services that will provide the most value. For example, let’s take a mature company.

In this situation, the industry life-cycle curve becomes noticeably flatter, reflecting slow growth. A mature company will require strategic guidance, a reinvigorated marketing program, price or quality differentiation, new product extensions, and a revamped brand. You may find the executive(s) sitting across the table with you saying things like:

- Our sales are stagnating.
- I am not sure if my organizational structure is aligned with current market needs and those of my competition.
- I do not know what I do not know. I need help to figure out what we should be doing now and/or to compare against best of breed companies in my market.
- We are considering the possibility of a private equity investment or sale so we can continue to stay competitive and relevant.
- We need to get back into the conversation. We are no longer top of mind with core influencer groups.
- We need to stress the unique features of the product or the firm to continue to differentiate our offerings from industry competitors. I do not know if we should offer a low-cost/low-price strategy, introduce a new and improved product, go international, etc.

CUSTOMIZING YOUR PROPOSAL

So, now that you have identified the life stage, understand the company’s needs and know what key questions to ask, you are ready to customize your offering.

If we take the example above, the opportunities I would recommend are:

- Conduct a marketing assessment
- Conduct strategic research—internal and external. constituents, industry, aspirational competitors, etc.
- Conduct strategic review and analysis of company structure, processes, key employee roles and responsibilities, qualifications, etc.
- Re-brand/re-position company
- Re-invigorate a strategic public relations and marketing campaign(s)
- Introduce a new lead-generation program
- Assist with new product line extensions, capability analysis
- Evaluate exit strategies
- Help company prepare presentations for private equity investment and/or introduce the company to new sources of capital

BRINGING THIS ALL TOGETHER...

The life-cycle model is an old but reliable way to help both companies and new-business development professionals better understand where to devote precious resources and attention.

