
Preface

There are few managers and leaders who would argue that their company shouldn't grow profitably. So why do we need this book? There are many answers to that question, and they are primarily based on a more sustainable and holistic understanding of growth than what is traditionally taught and discussed.

Firstly, all too often, growth remains nothing more than a trendy topic. I am often approached by conference organizers who would like me to speak at one of their events, and they always tell me that growth is a good topic, as many companies are focusing on it "right now."

What's wrong with this sentence? "Right now": There's the rub. Growth is not something for companies to think about from time to time, now a bit more and now a bit less. It is a basic stance, as truly growth-oriented enterprises have long since recognized. Going with the flow of the economy, jumping on the bandwagon of this week's management trends, and passively reacting to events as they unfold—this is anathema to growth-oriented companies. So, first of all, growth is not (simply) a matter of timing.

Secondly, companies that successfully grow over several years know that they must constantly work to find factors—the brakes to their growth—and work to release them. These companies have grasped that the reasons for their success or failure are to be found internally and not externally.

Yet many managers seek to ensure the growth of their company by making (sometimes more and sometimes less intelligent) external acquisitions. What this approach produces in the worst-case scenario can be seen in the Daimler/Chrysler and BMW/Rover experiments. Beyond the fact that M & A projects often have much more to do with power, and accordingly insufficient attention is paid to questions of how feasible and sensible an acquisition or fusion is, the parties involved also tend to forget that the real work begins *after* the purchase or takeover of a company. If there is no professional post-merger integration process, low effectiveness and a multiplication of problems are to be expected, as internal brakes to growth become even more powerful.

Thirdly, growth is far too often reduced to nothing more than the last entry in a company's or division's profit and loss statement. This approach, too, is foreign to

growth-oriented companies. Needless to say, revenues and their growth are interesting and important, but increased profits are only the result of making the right choices; the reasons for these choices can in turn be found in a consistent orientation on customer needs.

Fourthly, this aspect is connected with growth-oriented companies' insight that increasing profits by simply cutting costs is not enough. Profitable growth is always generated by boosting the key elements found higher up in the profit and loss statement. Here we're talking about profits. For growth-oriented companies, it is self-evident that profits cannot remain in the red in the long term.

Fifthly, in practice not enough value is placed on questioning those assumptions we take for granted: Where exactly are the brakes to growth in the individual departments or divisions? Which aspects of our daily behavior serve to institutionally reinforce these brakes instead of releasing them? Where are there interdepartmental brakes? Which interfaces are inefficient and destroy value? What is the policy for cooperation within our company? How do we speak about ourselves, our customers, distributors, and employees? What are our actual priorities? Is there a difference between our official priorities and the priorities that dictate our actions? And, if we're honest: What reason do we have to assume that our organization can actually achieve what we've set out to do?

This last question is especially important, as a successful growth program must be so designed that the company comprehends it, and so that the company wants to and is able to implement it, both emotionally and in terms of available capacities. If these conditions are not met, then even the most conceptually impressive growth strategy is doomed to fail.

I hope you will see yourself reflected in this book. I hope you'll discover situations that have frustrated you in the past, and will now find new solutions for them. I'll also be happy if you realize that in many regards you are already on the right path to real growth. This book is replete with real-world examples from our clients; sometimes it helps just to see that you're not the only one confronted with a certain problem.

All of our clients are successful companies, and many are leaders in their market segment. What they all share: Their management has more ideas than it has arms to implement them. I hope and assume that you also belong to this enviable species, even if that also means you have the luxurious dilemma of choosing the best growth initiatives.

Read this book from cover to cover, or just choose the chapter or chapters that address your current needs; this book is designed for both approaches. If for some reason you can only read one chapter, make it Chapter 11; it speaks to your personal situation.

Just write me if you have questions, suggestions, or comments; I would be happy to discuss growth with you: guido@profitable-growth.com

And now let's take a look at those brakes. . .



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Release Internal Growth Brakes and Bring Your
Company to the Next Level

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