

## Michael Treacy preaches good growth practices

by Kevin Tampone, Journal Staff



03/16/07: SYRACUSE — Michael Treacy believes almost any company can achieve double-digit growth every year. It's just that their leaders all too often make excuses for why they can't.

People blame the market, competition, the cost of growing, or a lack of demand, Treacy told an audience March 7 at the third installment of the Famous Entrepreneurs Series, a lecture series aimed at inspiring area business leaders.

Organizers say there were about 200 at the talk. C.K. Prahalad and Carly Fiorina were the previous speakers in the series. The final speaker will be Richard Teerlink, former CEO and chairman of Harley-Davidson, Inc. (NYSE: HOG). He will speak May 4.

"It's all nonsense," he said. "It's all a lie. Most firms aren't growing because their management team doesn't know how." Treacy is the co-founder and chief strategist of GEN3 Partners, a product-development firm based in Boston and St. Petersburg, Russia. He has also been a professor at the Sloan School of Management at the Massachusetts Institute of Technology.

He is the author of "Double Digit Growth: How Companies Achieve It No Matter What."

Treacy detailed his approach to business growth during his talk. Here are some of his thoughts.

On the importance of management in fostering growth: "The common denominator of growth firms is the way they manage growth, not the strategic decisions they make. That's why you can see double-digit growth across a whole range of industries."

On hiring good talent: “Those are the people we need — the enablers of growth. For most of us, that’s the gating factor on growth. There’s just not enough of [those people] out there. You have to grow your capacity to grow in order to grow.”

On planning for growth: Treacy recommended a structured, disciplined, planned approach to stimulating business growth.

He compared the steps needed to encourage growth to the steps managers currently take when cutting costs. That means developing multiple initiatives, assembling teams around them, and holding people accountable for the results of those efforts. Companies should have dozens of growth initiatives functioning all the time. Even if each effort raises revenue just slightly, the cumulative effect is powerful.

“I think virtually any company can grow at double-digit rates. Any organization. But you can’t just turn it on. You have to build the capabilities that allow you to do it. Don’t blame the market. If you’re not satisfied with your growth, then you’re not satisfied with yourself.”

On the difficulty of taking market share from competitors: “It’s the nastiest, hardest, ugliest way to grow a business.

Because for you to win, somebody else has to lose and nobody loses gracefully. It’s not that I don’t think you should try to take their customers, but recognize that it can only be part of the mix.” Other methods for growth include positioning a company where market growth is set to occur, moving the company to new markets, and halting as much customer loss as possible. “[Lack of] base retention kills growth,” Treacy said.

On a key question all companies should be able to answer: The question, Treacy said, is, “Why should customers do business with us?” All businesses should know their answer to that question. Many firms, however, struggle with it. “Most people can’t admit they don’t have an answer to this. If they don’t have an answer, they’ll do what a fourth grader would do. They’ll make something up.”

On distinguishing value from price: “Any fool can be the value leader on any given day. That’s called the discount. To be the value leader 365 days a year, it has to be engineered into your business. Just trying harder is not a strategy.”