



DIFFERENTIATE

Nine Assumptions

That could limit your growth prospects

*"One of the most expensive habits you can adopt in a business is **to assume** you understand something that is fundamental to your success"*

Nine assumptions that limit growth

Are you struggling to meet your growth targets?

If you're not getting enough growth, you are probably not doing enough (is there really any value in blaming the recession?)

You kind of know this and so you try more; you try to get more for your limited budgets, perhaps more advertising, more direct mail, more promotions, getting more distribution, reducing prices, or launching new products.

But it isn't enough and you did not get the growth. So you are right back where you started, except now things are worse! Now there is even less money to spend on getting more growth. So you question whether you doing the right things? And if not what are the right things? How do you know the right things to do?

But then you look at other businesses that are still getting growth. They seem to be investing. How did they afford the investment to get the growth? Do they play by the same rules, or do they play a different game?

Are you assuming too much?

"One of the most expensive habits you can adopt in a business is to assume you understand something that is fundamental to your success"

Business leaders can be tempted to make assumptions rather than learn the rules of the game.

Here are nine assumptions that could be limiting your growth. Do you ever assume that

1. You must tell the customer how great you are?
2. Customers are happy based on customer satisfaction research results?
3. If you lower the prices sales volume will increase?
4. You should do exactly what your customers tell you?.
5. You know the most important reason customers buy your products?
6. You don't need to ask the customer what his problems are?
7. You should do something because the competition is doing it?
8. You already know enough about the competition?
9. Customers want to buy everything from you not just what you are best at?

If you challenge these assumptions you can find ways to get more growth

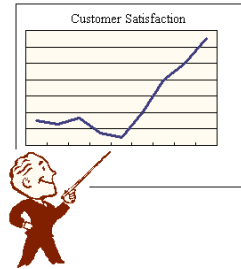
Successful businesses do not assume. They work hard to understand. They seek to unravel the mysteries of how customers choose what to buy and so can be more attractive to more customers so they will want to buy more of their products and services more often.

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Assumption 1 - you must tell the customer how great you are. The majority of businesses have ads and websites that do this. But customers do not care about how great your business is, they are looking for a solution to their problems. They want to know how you can help them solve the problem. So challenge this idea, don't tell them how great you are, talk to them about their problems and how you can help them.

Assumption 2 - customers are happy based on your customer satisfaction research results. As an example, are you are satisfied with your current bank? Probably it is OK, so you are satisfied. Would you leave if you thought someone else was really going to be better? Maybe you would. However, you don't really think other banks will be any better so you stay with your current bank. You score the bank as satisfactory. But are you really happy with them? So the customer satisfaction scores can be misleading. So don't just ask if your customers are satisfied, instead find out what they really need so you can work out how to help them solve their problems.



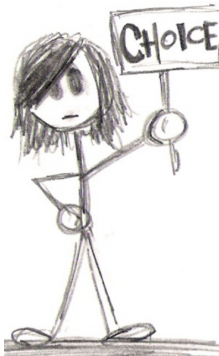
Assumption 3 - if you lower your prices sales volume will increase. People usually buy what they really need not what is cheapest. If you really can sell customers exactly what they need for a lower price and your competitors will not also reduce their prices, maybe you will sell more albeit at a lower profit. But the real question is what customers really need. If you discover that and then supply it, you can work out the right price

and make a profit. Price is a complex decision you work out after you have determined you are really helping customers solve their problems.

Assumption 4 - you should do exactly what your customers tell you. If you do they will probably be disappointed. Customers can only feedback on what you have done and are not as good as you are at coming up with new ideas about what you could do. Don't focus on what customers say you should do, understand what their problem is and come up with a much more creative way to solve their problem than they could do for themselves.



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Assumption 5 - you know the most important reason customers choose your products. All our studies have shown that when asked to guess which product features and benefits are the most important to customers, managers within a business typically get this about 80% correct. Whilst that does not sound so bad and reflects the fact they have a great understanding of their business and their customers, the insight offered by the 20% they got wrong is often the magic bullet that will make the products and services massively more attractive to customers.

Assumption 6 - you don't need to ask the customer what his problems are. People do not buy products and services because they are there or they are advertised, people buy things because it will help them solve a problem (e.g. hungry, cold, fed up, want to try a sport, need to impress their friends, want to thank someone etc). If you do not understand the problem it is likely you will not design the best solution.



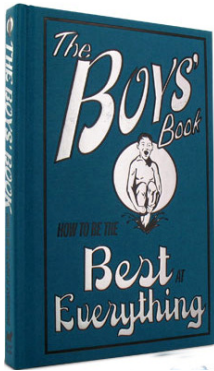
Assumption 7 - you should do something because the competition is doing it. Maybe, but only if you can do it better and/or cheaper than all your competitors. Even then you will struggle. Being second to do something can be expensive and very frustrating. Keep looking for new opportunities to solve customer problems not me-too offers.

Assumption 8 - you already know enough about the competition. You probably do know a lot. But it is hard to know too much. The most revealing thing about your competitors is what your customers think about them and how they are perceived vs. your business. E.g. Tesco's spotted an opportunity based on customer perceptions of competitors in banking services.



Tesco declared its ambitions to become the "people's bank", capitalising on public disillusionment with traditional lenders to launch an aggressive expansion into financial services. Playing to public anger over bankers' bonuses in the wake of the government's multi-billion pound bail-outs, Sir Terry Leahy, Tesco chief executive, said: "There will not be a better time to increase our commitment to financial services; customers are looking for a better deal."

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Assumption 9 - you should persuade customers to buy everything you sell not just what you are best at. Your most profitable products will be those where you offer a powerfully differentiated benefit vs. your competitors. Successful businesses specialise and get behind these. Focus on attracting new customers to these, rather than try to sell them the things your competitors can do as well or even better than you. It is on these products that your profitable growth will happen. Don't try to sell weaker less differentiated products to your existing customers.

The Growth Game

The Growth Game is about understanding not about making assumptions. The Growth Game is about learning the rules in your market.

Successful businesses are playing "The Growth Game". Whether we are in a downturn or upturn it is important to take a fresh look at where growth will come from. You know you must challenge assumptions. Just like you, they operate with finite resources, but by avoiding assumptions and playing the Growth Game they manage to achieve growth targets with limited resources.

Many businesses still make too many assumptions. They know what products and services they deliver today and they know what has driven sales in the past. It is a natural reaction to want to do more of the same and continue this previously successful formula.

But repeating past successes does not guarantee growth. The Growth Game is about combining what your customers want with what you are good at. This is not necessarily what you have done before; it almost certainly is not copying what your competition is doing right now.

Playing the "Growth Game"

This involves challenging the assumptions in your business. If you want to win a game of sport you must follow a few steps:

1. Choose a game where you can win
2. Study how the game works and what the rules are
3. Create a game plan
4. Do it - with a tactical plan to play and win

The Growth Game shows you how each of these steps works in business.

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Next Steps

As a first step use the attached worksheet to test your assumptions. This is not definitive but an opportunity to think about where you could challenge yourself and your business colleagues harder.

Read the Growth Game paper. This talks in more detail about how you can understand rather than assume. This shows a step by step process to implement the four steps and create a practical plan to create more growth.

Enter your name and email on our home page and it will take you to the web page where you can download the paper. www.differentiate-it.co.uk

Make sure you are signed up to our ezine. Here we discuss topical examples of where assumptions can be misleading and observations on how the Growth Game approach can help you in your day to day business. It is about helpful tips and is not a newsletter trying to sell you products and services.

Challenge your assumptions

Rate your current approach on each of these points

Mark a cross on the line that reflects your current approach

Do not think about this very much			Just guessing			Fully evaluated this
1	2	3	4	5	6	7

I know the most important reasons customers buy our products.
1 _____ 7

I have asked the customers what their problems are and understand their unfulfilled needs.
1 _____ 7

I already know enough about the competition.
1 _____ 7

Customers are happy based on customer satisfaction research results.
1 _____ 7

We try to get our customers to buy everything not just what we are best at.
1 _____ 7

This is how we usually react			Sometimes we do sometimes we don't			We challenge this all the time
1	2	3	4	5	6	7

We do something because the competition is doing it.
1 _____ 7

We listen to our customers and do exactly what customers tell us.
1 _____ 7

To get more sales we usually lower prices.
1 _____ 7

We frequently tell the customer how great we are.
1 _____ 7

Now write down the scores and add them up

Score

Over 50 = your business is in great shape to capture growth
30-50 = there are opportunities for more growth by challenging your assumptions
Under 30 = Sign up for the ezine and start challenging yourself harder.