Ten strategies for managing growth in various industries

While every organisation strives for growth, managing growth is a tough task, even for the most experienced and futuristic visionaries. Growth management is complex governed by not merely the efficient utilisation of internal resources, but also managing the external forces. Hence, growth management strategies should include exploitation of external opportunities, minimising the threat implications and utilising the internal resources, writes V Pradeep Kumar.

Growth patterns for each industry vary in relation to the growth in economy. We need to therefore understand whether the growth is faster, slower or at the same pace as that of the economy. Growth figures for the economy as well as all major industries are readily available and therefore performance of the organisation in relation to the economy and the industry is easily comparable.

Growth strategies

Typically, management of growth in organisations revolves around the following strategies:

1. Understanding global economic trends: I am often surprised to see some business leaders operating in their respective industries quite oblivious to the economic trends and treading on rather dangerous paths, making me wonder how long such businesses will survive. At the same time, my own understanding of this vital aspect of management is through exposure to how global trends could shape our regional and local economies and its impact on the industries I have been involved with. Understanding global economic trends gives the business leaders competitive edge by enabling a proactive management philosophy.

Let's take a current example to understand this. At this point of time, we have world economies performing on different scales. The US economy is undergoing some turbulent times with low growth causing a worldwide debate on the route causes and possible future trends in getting out of this recession. A weak dollar coupled with speculation and other plausible reasons brought in an unprecedented rally in oil prices sending shock waves and tremors across all economies including India.

The dollar and oil price trends have reversed and the rupee has hit an all-time low. The bankruptcy of investment banks in the US has caused a ripple effect across the world. Stock markets have collapsed, property and investment sectors have cooled down and virtually there is no economy or industry within those economies which are unaffected. After controlling inflation for long, it has now crossed double digits in India and its impact now on real GDP growth is obvious. Performance of industries within our country is closely linked to the real growth in our GDP and hence an industry leader ignoring these trends would be living in fools' paradise.

Similarly, our stock market trends take cue everyday from not only our local situation, but more from the Far East economies which are ahead of us on time zone and the American and European markets which are behind us. The stock market trends in India are actually easier now to predict, if one can just follow the day to day trends in eastern and western world.

2. Identifying and understanding industry characteristics: Globalisation has brought in a radical change in the mindset of most business leaders. We must draw benchmarks of productivity and lessons of management from across the world operating in different economies and under different circumstances and management practices. While it's not easy to track this from across the world, this is not a matter of choice and is the most critical of growth management strategies.

3. Shaping role of technology: We are living in an era driven by technology and must use it to derive a competitive edge by being proactive. For example, publishing industry traditionally meant publishing on paper; not any longer. Today we deliver information to the user in the medium of his choice-paper, web, mobile, electronic and voice. Imagine the future of those industries in this dynamic world if they still stick to a traditional medium to deliver their services.

4. Adding values and improving products: A very important component in managing growth is to continuously keep improving products and being ahead of competition. We often hear people saying that their industries are extremely competitive which to me implies in general nil or low product differentiation.

A real or perceived value creation in the mindset of customers is essential if we have to have healthy margins. An example of a difficult industry caught in the cobweb of value addition is the printing industry and all of us know how competitive industry it is. A significant outcome of adding value and increasing product differentiation is to create entry barriers in the industry.

5. Efficiently managing supply chain: Increasing competition and globalisation has actually opened the window of opportunity to source products and services across the world to keep our input costs low, while allowing us to use the best of products. Healthy margins are an outcome of a combined effect of value added products and efficient supply chain management.

6. Being proactive through MIS: The all-round advantages of ERP and other MIS systems is well established giving managements real time information enabling quick action. Today it's possible through modern management systems to have a daily P&L or predict the final results accurately or even to work backwards from a desired result.

There is also a great advantage of using this real time information to build healthy competition within the organisation.

7. Hands on management: In today's dynamic world, there is no alternative to hands on management style, most critical for the survival of the industry, let alone managing growth. Hands on management would be multitasking simultaneously keeping abreast of global and industry trends, while focusing on business development, efficient supply chain management and working continuously on product improvements.

8. Protecting stakeholders interest: We as business leaders are responsible for protecting the interests of our stake holders namely— shareholders, employees, suppliers and customers. Ignoring the interest of any of these would be to our own peril.

9. Building a skillful & passionate team: Though organisations are giving a lot of importance to upgrading skills, not enough is done to build a passionate team.

For a skilled team to deliver, passion is vital. For example, I have at very close quarters seen the successes and failures of stretch targets and the missing link between the two is often passion.

10. Managing effective PR: Last but not the least important is the necessity to have an effective PR to project the right image of the organisation and earn the goodwill of our stakeholders as well as the society. Out of sight is out of mind and it's necessary to be in the limelight of today's much hyped media world through effective PR management.

However, to deliver more value, PR has to work in sync with advertising and promotion. Globalisation has benefited the customers across the world in gaining access to better products at lower prices. A customer today has no love or hatred to where these products come from.

Indeed, globalization has shaken the shackles of controlled economies either by choice or by default. In today's troubled times managing growth is not easy, but not impossible.

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