

B2B Growth Diagnostic

Assessing the capabilities that determine your organic growth



Prepared for

YourBusiness, a Div. of YourCo, Inc.

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Survey Responses: 75



B2B Growth Diagnostic

With profitable, sustainable organic growth, you gain shareholders' applause, customers' respect, and stable, rewarding careers. But such growth is rare. To achieve it, begin with an honest assessment of your *growth capabilities*.

Two Growth Problems

The "Red Queen effect" explains why this growth is rare. In Lewis Carroll's *Through the Looking Glass*, Alice was surprised after much running with the Red Queen to see they were still at their starting point.

The queen explained, "My dear, here we must run as fast as we can, just to stay in place. And if you wish to go anywhere, you must run twice as fast as that." If your business is struggling just to "stay in place," blame it on two growth problems.

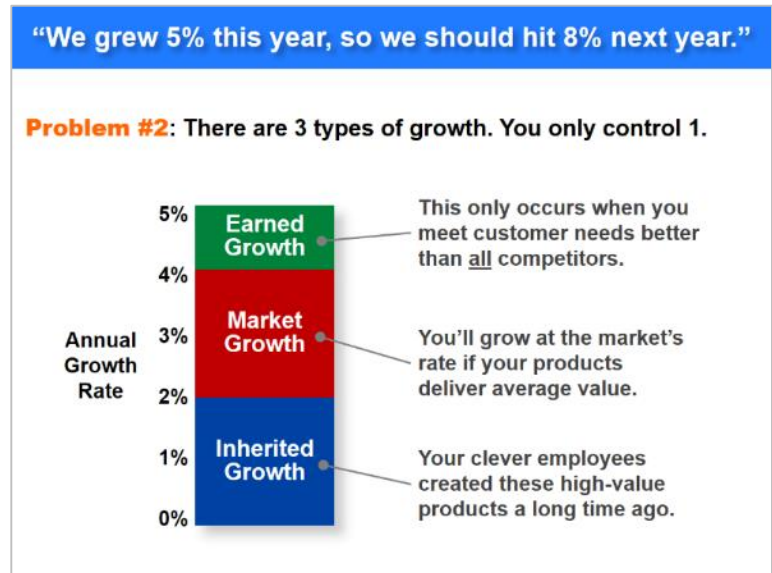


First, imagine your market is growing at 3%. Do you plan to grow at the same rate, lower or higher? Higher, right? And what are your competitors planning at *their* meetings?

So all the suppliers plan to grow faster than the market they serve. As Dr. Phil would say, "How's that been working for you?" Why will *you* succeed while they fail? Is your R&D smarter, your sales force harder working, or your marketing more persuasive? Can you think of even *one* unassailable competitive advantage?

Consider a second growth problem. Someone says, “We grew 5% this year, so we should be able to grow 8% next year.” They didn’t realize there are three types of growth... and you only control one.

Some of your growth is *inherited growth*... from high-value products created years ago. *Market growth* is what you get when your products deliver average value. Both are outside your control today, and could disappear with a competitor’s blockbuster product or other market disruption.



The only growth you control is *earned growth*... and this may be much smaller than you think. Unless you have a plan for delivering more customer value than your competitors, it will remain small.

Strategies for Growth

So what’s the answer? Develop growth capabilities that exceed those of your competitors. These are your *growth drivers*... practices your business naturally engages in day in and day out when no one is looking. Most B2B companies have enormous room for improvement today, so if you are intentional about improving these practices, you can significantly outpace competitors.

One way to gain competitive advantage is to rebalance your efforts. Years ago in *The 7 Habits of Highly Effective People*, Stephen Covey said we need to balance Production (“P” or getting results) and Production Capabilities (“PC”).

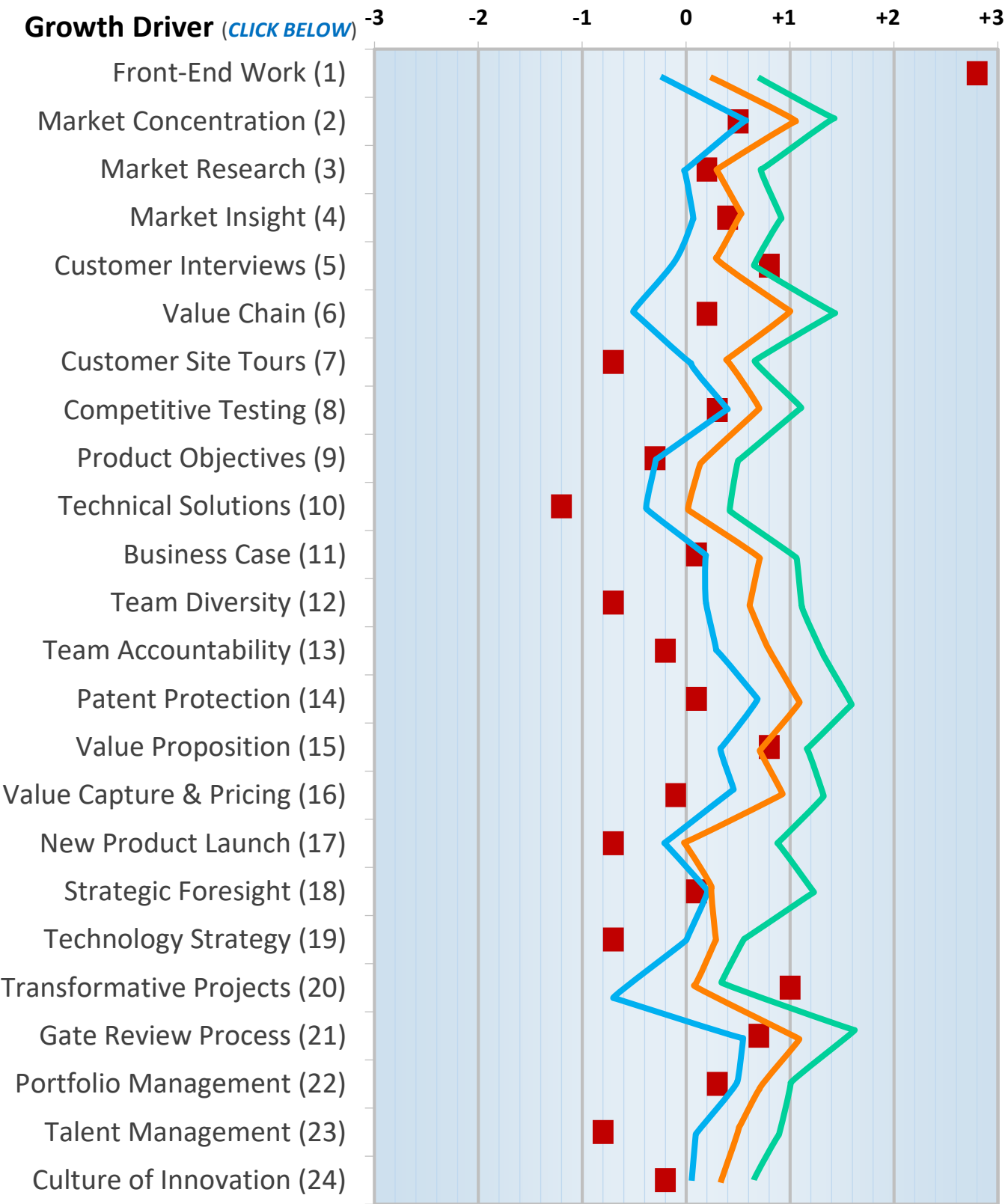
Most companies’ metrics reveal an obsession with current results (P). They focus on this year’s results, and then hit the “reset” button next year. Since these metrics are lagging indicators (what just happened), this is mostly a spectator sport.

Where do you spend your time?



Our B2B Growth Driver Index (GDI) = **46 Percentile Overall**

■ Our Business — Average* — Top Quartile* — Top Decile*

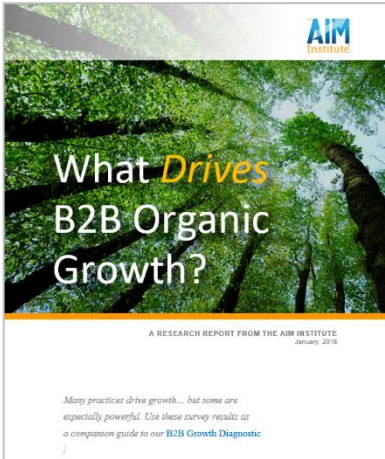


* Benchmark data based on over 4900 industry responses (fewer for last 9 drivers)

You don't have the luxury of ignoring current-year results... but you can *rebalance* your focus. To move from spectator to player, spend more time building *capabilities*. If you planned to compete in a chess, tennis or boxing match, wouldn't you train to build your capabilities first? Consider two suggestions...

First, pursue growth drivers that will deliver the greatest impact. What mattered most to 540 survey respondents with over 10,000 years of B2B experience? To find out, download our research report, *What Drives B2B Organic Growth* at www.aimwhitepapers.com. (Preview: They were more eager to improve how they *understand* customer needs than how they *meet* customer needs.)

Second, use leading indicator metrics. *Shouldn't business leaders leave their business in a stronger position than they found it?* Without annual assessments, it's hard to know if they are doing this until it's too late. Repeat this free diagnostic annually to measure your progress.

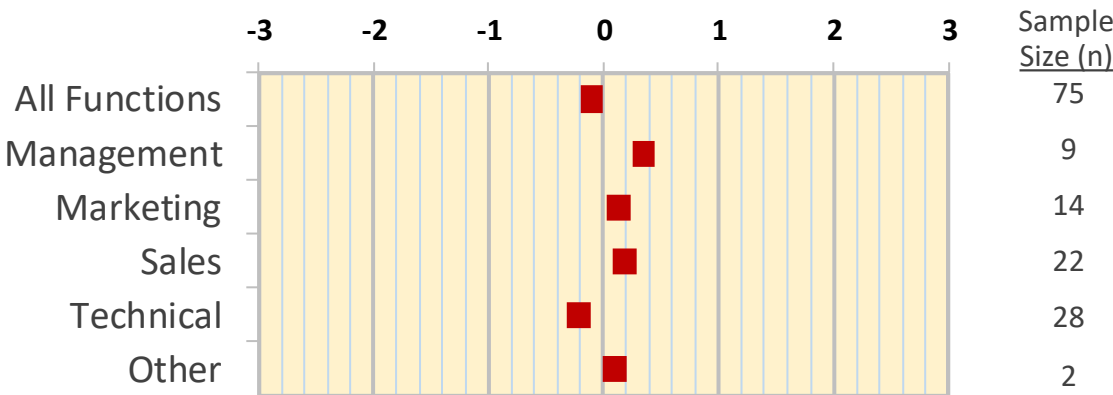


Download free companion guide at www.aimwhitepapers.com

Diagnostic Survey Results

The red squares on the facing page show where survey respondents placed your business's growth drivers. The "-3" (poor) and "+3" ratings (excellent) are described later. Industry average, top quartile and top decile results are displayed as blue, gold and green lines, respectively. Your Growth Driver Index (GDI) for all 24 drivers (combined) is shown at the top, relative to all industry responses.

Remember this is a self-assessment. Respondents were promised anonymity to encourage frank, honest views. But sometimes reality is "blurred" by a person's role. A good test is to check the level of agreement in average ratings between the job functions in your business below.



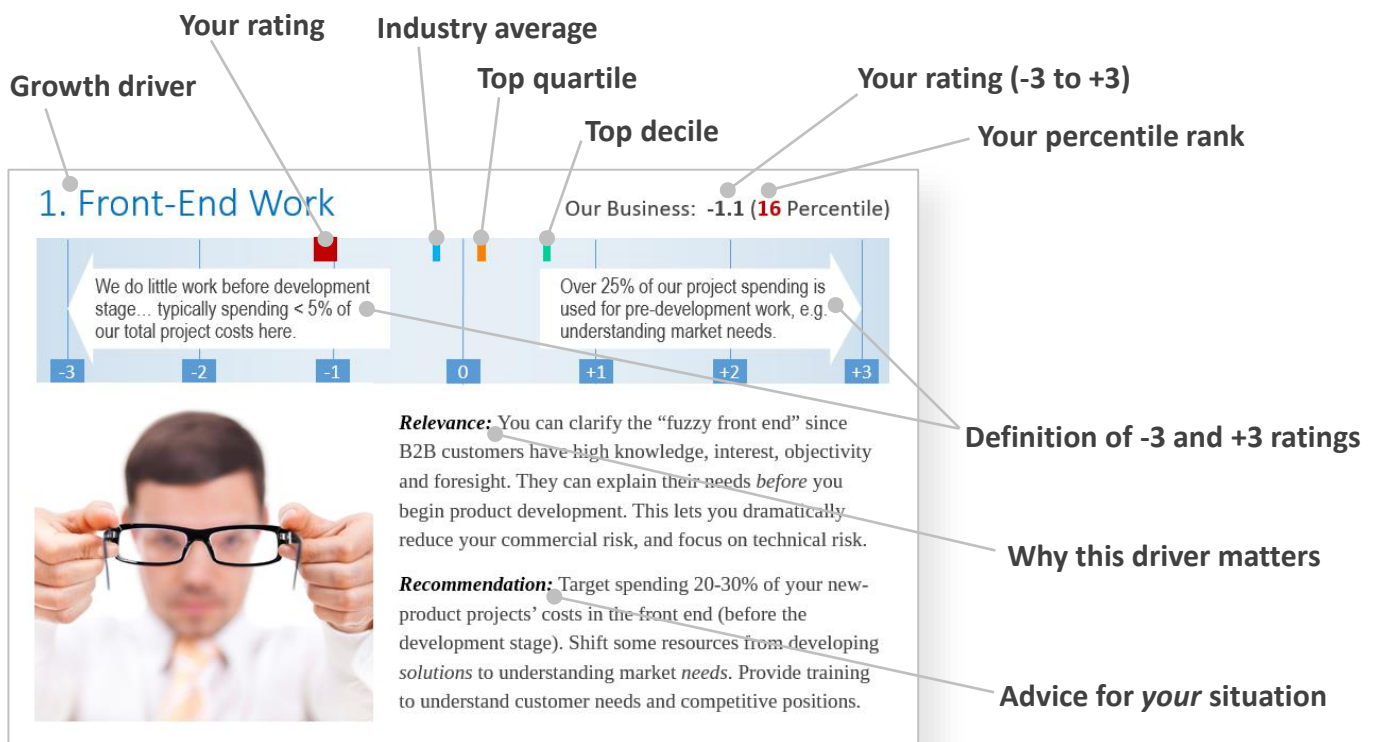
If you see significant differences, it's worth asking why. Maybe the sample size (n) was too small. Or perhaps some have a distorted view of reality. A worthwhile goal is to not only improve your business's growth drivers, but to develop a *shared* view of your true capabilities.

Is it important where your red squares are today? Sure... this explains your ability to achieve “earned growth” today. But much more important is where the red squares will be next year and the year after. Put another way, this report has more value if you consider it your *starting point*, from which you map your course.

Consider this last, sobering thought. Unless your growth drivers are substantially better than competitors’ today, you have only two courses of action: 1) Resign yourself to growth that will be mediocre, spotty and unpredictable, or 2) develop a strategy for building growth drivers to give your business a competitive advantage.

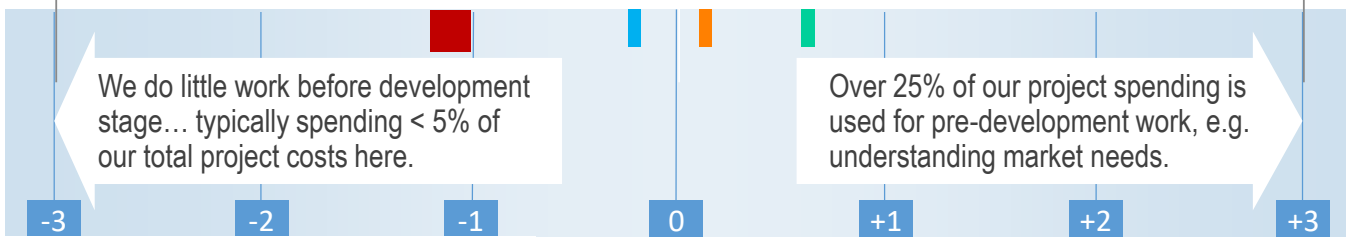
Recommendations

Use the rest of this report to guide you in building your growth capabilities. For each of the 24 growth drivers, you’ll see a section as shown below. Look at each driver to understand its *relevance*. Then decide which growth drivers will “move the needle” most for your business. Follow the *recommendations* to begin your journey to profitable, sustainable organic growth.



1. Front-End Work

Our Business: **-1.1** (**16%** Percentile)

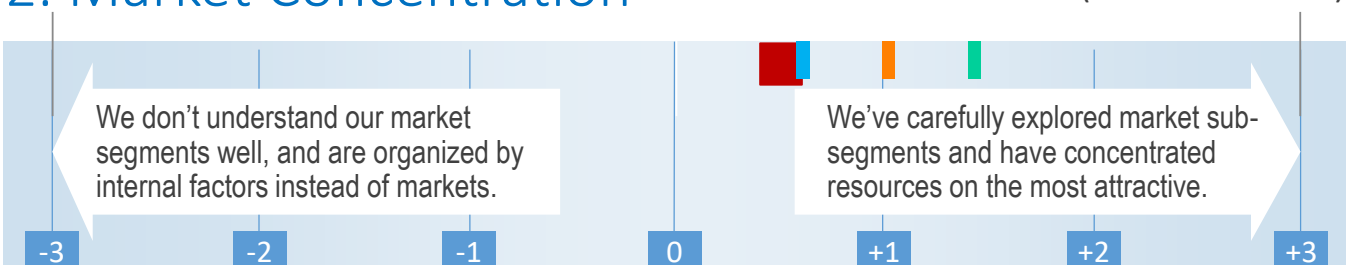


Relevance: You can clarify the “fuzzy front end” since B2B customers have high knowledge, interest, objectivity and foresight. They can explain their needs *before* you begin product development. This lets you dramatically reduce your commercial risk, and focus on technical risk.

Recommendation: Target spending 20-30% of your new-product projects’ costs in the front end (before the development stage). Shift some resources from developing *solutions* to understanding market *needs*. Provide training to understand customer needs and competitive positions.

2. Market Concentration

Our Business: **0.5** (**46%** Percentile)

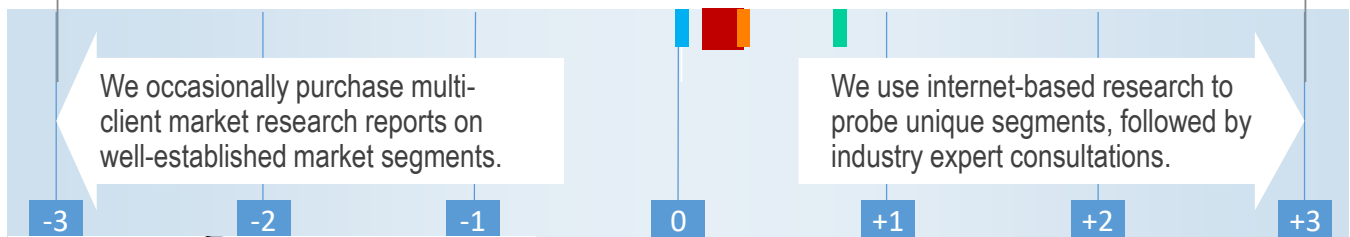


Relevance: A market segment is a “cluster of customers with similar needs.” When you innovate for segments instead of individual customers, you optimize your efficiency without sacrificing effectiveness. It’s important to *concentrate* resources on the most attractive segments.

Recommendation: A good first step is to organize your growth efforts around market segments. Next, you should do what many companies fail to do: Understand which segments are winnable and worth winning... and disproportionately concentrate resources on these segments.

3. Market Research

Our Business: **0.2** (**67%** Percentile)

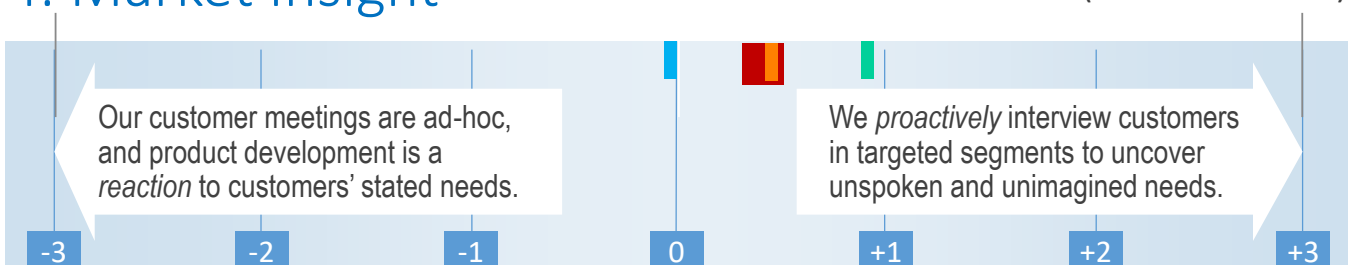


Relevance: When pursuing unfamiliar markets, begin with secondary market research. You'll save time and money learning from retired industry experts, internet searches, and multi-client studies. Then dive deeper on the most attractive markets using primary research (your interviews).

Recommendation: In addition to common secondary research sources e.g. multi-client market studies, make thorough use of recently-retired industry experts. Use them to "open doors" for interviewing at unfamiliar companies. Engage multiple experts for a fuller range of perspectives.

4. Market Insight

Our Business: **0.4** (**75%** Percentile)

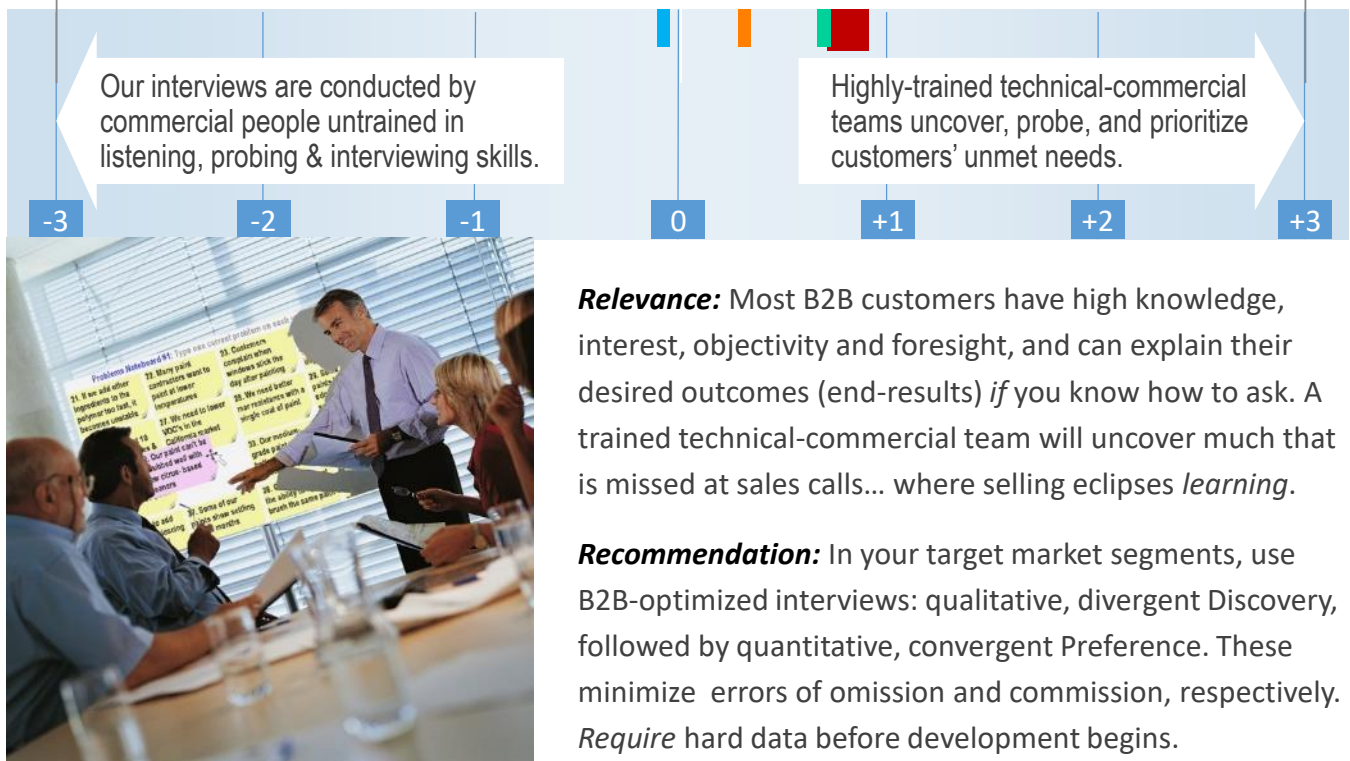


Relevance: Moving from customer-reactive to market-proactive innovation reduces your project risk, especially if you interview many job functions in each company. The customer-reactive approach just puts you in a "footrace" with competitors as they react to the same customer needs.

Recommendation: Over time increase the proportion of your work aimed at entire market segments, instead of reacting to the same customer needs your competitors are hearing. Use B2B-optimized interviews (next section), to uncover unspoken needs that competitors miss.

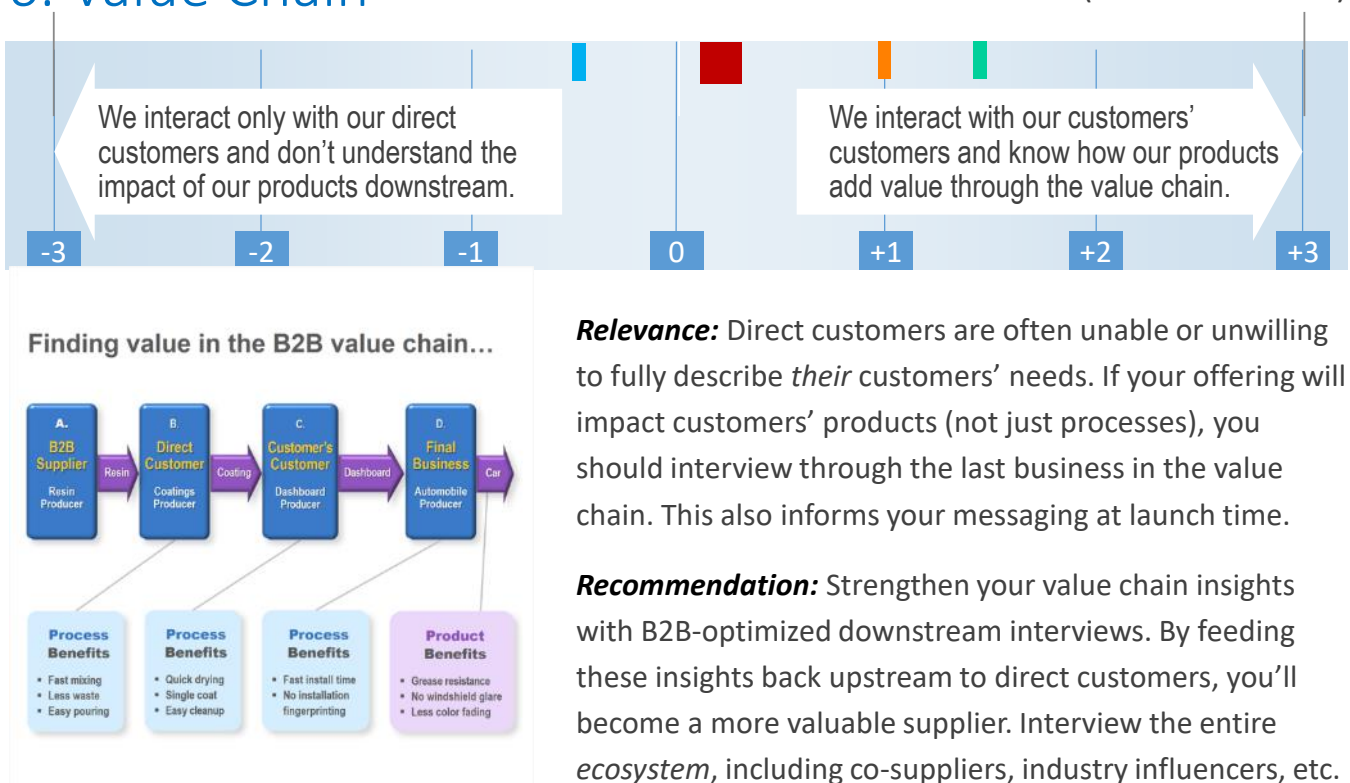
5. Customer Interviews

Our Business: **0.8** (**91%** Percentile)



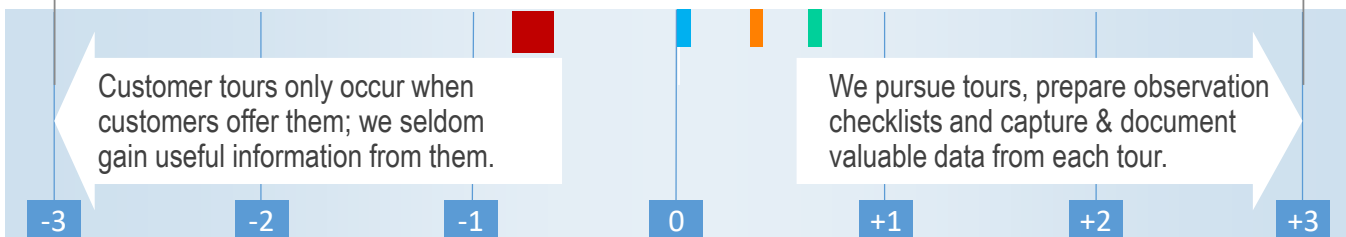
6. Value Chain

Our Business: **0.2** (**31%** Percentile)



7. Customer Site Tours

Our Business: **-0.7** (**16%** Percentile)

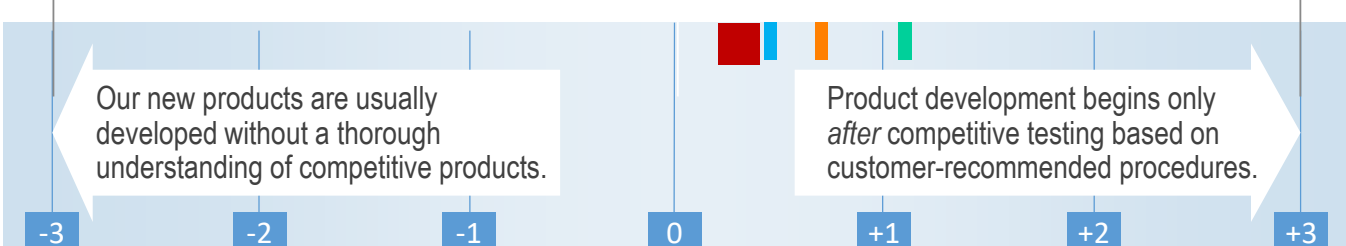


Relevance: Customer site tours offer three benefits: 1) You gain context for better probing during interviews. 2) You may see areas to improve, overlooked by the customer. 3) You gather economic data to enter into a value calculator later... to estimate value created and set your pricing.

Recommendation: Improve your observation skills with methods e.g. AMUSE: For each customer process step, seek ways to Accelerate, Minimize input, Upgrade output, Simplify transitions, or Eliminate the step entirely. Lean methods can also be applied for good observation skills.

8. Competitive Testing

Our Business: **0.3** (**43%** Percentile)

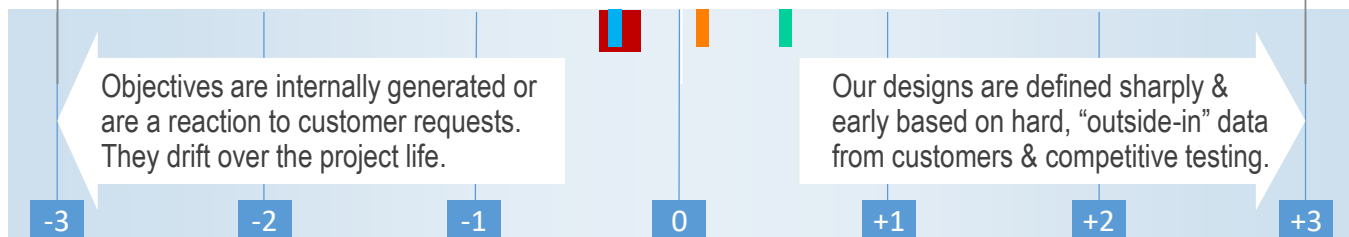


Relevance: With early testing (in the front-end), you'll design to real customer needs, avoid getting blindsided by competitors, and learn how to promote your product later. Most important, you'll *quantitatively* assess the next best alternative... which you must do for optimum pricing.

Recommendation: Improve this area by asking customers these questions during front-end interviews: How do you measure this outcome? What measurement would be barely acceptable... and what would totally satisfy you? With this data, you can replicate the customer experience yourself.

9. Product Objectives

Our Business: **-0.3** (**49%** Percentile)

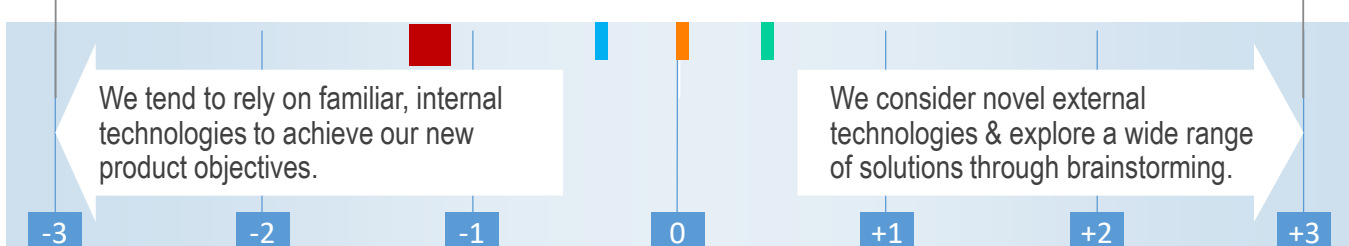


Relevance: With B2B customers, you can capture their needs as customer *outcomes* (not product *attributes*). This lets you confidently set quantified objectives which—if achieved—will delight customers and beat their next best alternative (including technologies different than yours).

Recommendation: For better product objectives, don’t start with *solutions* (from you or the customer). Instead, define customers’ desired *outcomes*. This opens up more possible solutions later in your development stage. Outcomes should be stable, measurable, quantified and sharply defined.

10. Technical Solutions

Our Business: **-1.2** (**19%** Percentile)

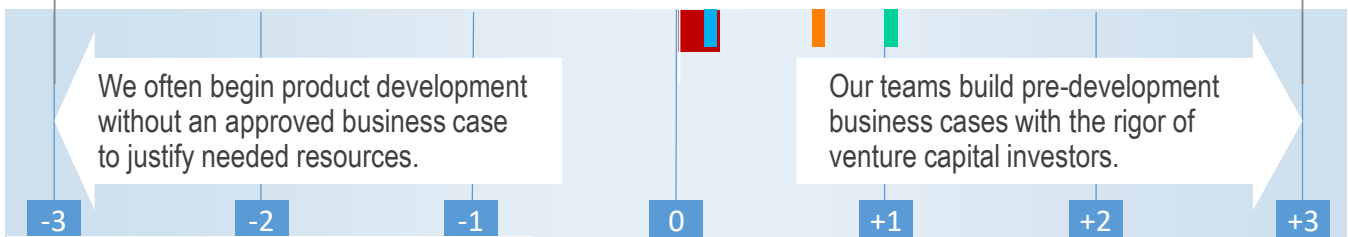


Relevance: Many companies begin product development with either a) solutions they hope customers want, or b) solutions customer suggest. It’s better to fully understand customer *outcomes*... and then aggressively seek a broad range of solutions from within and outside your company.

Recommendation: Open innovation—sourcing ideas from outside your company—can offer rich solutions. Manage *technology development* (science-facing and turns money into knowledge) differently than *product development* (market-facing and turns knowledge into money).

11. Business Case

Our Business: **0.1** (**45%** Percentile)

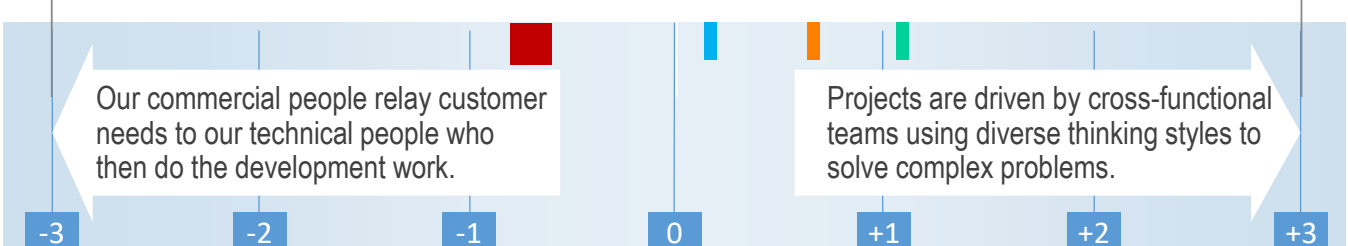


Relevance: The business case completing the front-end—before the development stage begins—is the most important decision point in product development. Sizeable spending will now begin to achieve *technical* success... but in B2B, *commercial* risk should be minimal at this point.

Recommendation: Most new product failures stem from commercial risk, not technical. To avoid these failures, ensure all business cases have quantified, unbiased, unfiltered data on what customers do and do not want. *Market Satisfaction Gaps* are an example of such data.

12. Team Diversity

Our Business: **-0.7** (**18%** Percentile)

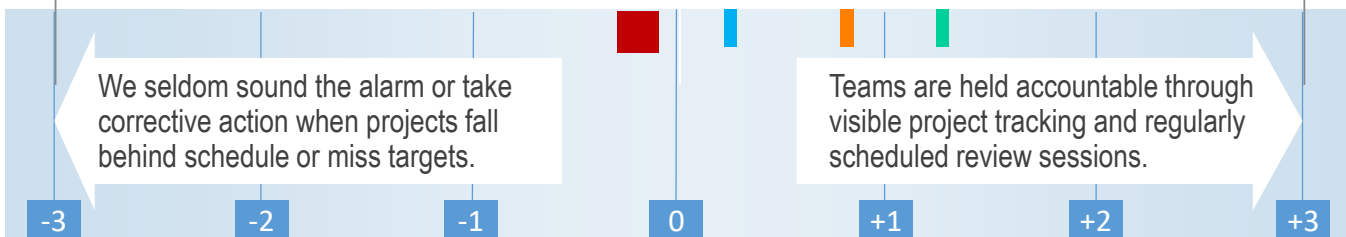


Relevance: Team diversity comes from a broad range of experience, training and thinking styles. Product development is a highly complex business task. Success is boosted when multiple job functions draw on varied backgrounds, and embrace diverse problem-solving styles.

Recommendation: Your project teams should be multi-functional, and members should feel great allegiance to the *team's* success (vs. their home departments). Work to break down functional silos preventing this. Also, psychometric assessments can help members work effectively together.

13. Team Accountability

Our Business: **-0.2** (**21%** Percentile)

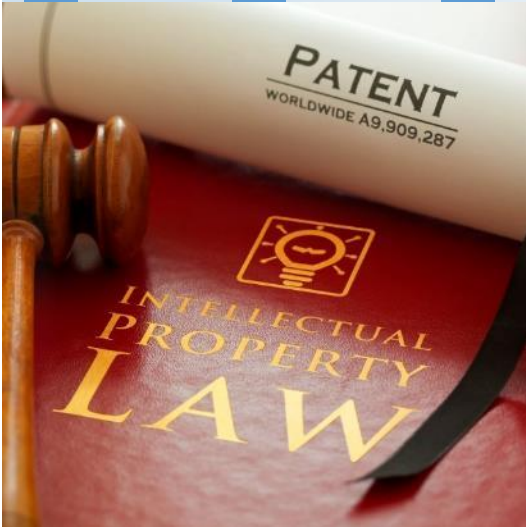
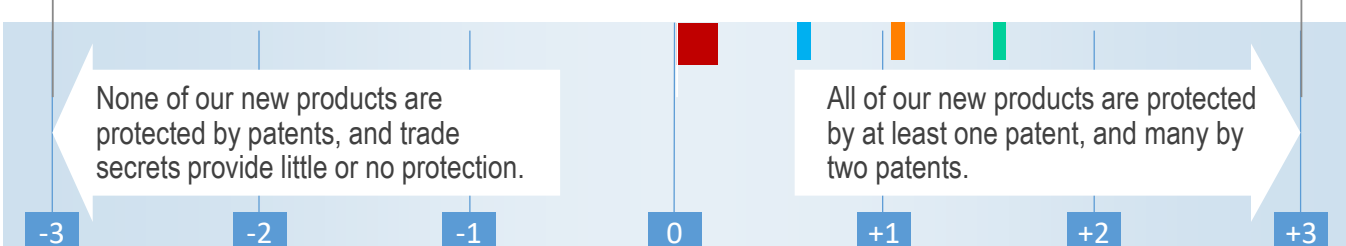


Relevance: A motivated, accountable team can overcome huge obstacles in product development. But if team members are over-tasked with other work, they may view their contributions to the project as “extra work.” When this happens progress typically slows to a crawl.

Recommendation: Boost team effectiveness by 1) having fewer projects with more time available from each member, 2) aligning performance plans with team objectives, 3) installing and mentoring strong team leaders, 4) limiting distractions, and 5) updating progress briefly but frequently.

14. Patent Protection

Our Business: **0.1** (**25%** Percentile)

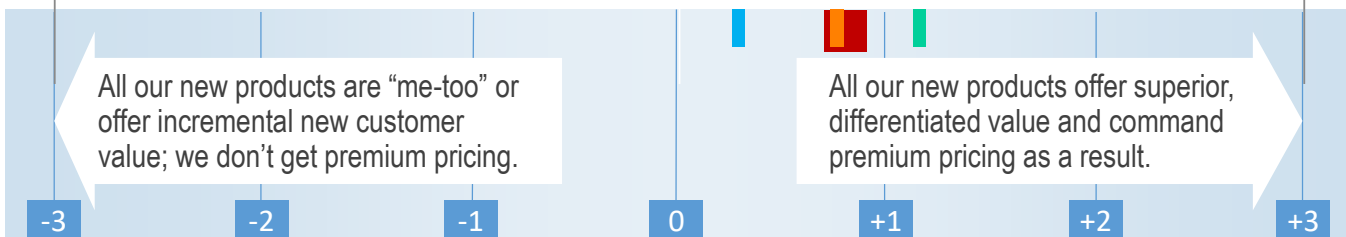


Relevance: A patent is the legal suppression of the customer’s next best alternative. You could develop and properly price a great new product. But if you don’t protect your innovation, the profits returned to your company over the product’s lifetime could drop by an order of magnitude.

Recommendation: In many industries, patent searches are needed to ensure your right to practice. It may not require much more work to pursue your own patent. Build a protective hedge—even with several weaker patents—and develop a reputation for vigorously defending your patents.

15. Value Proposition

Our Business: **0.8** (**78%** Percentile)

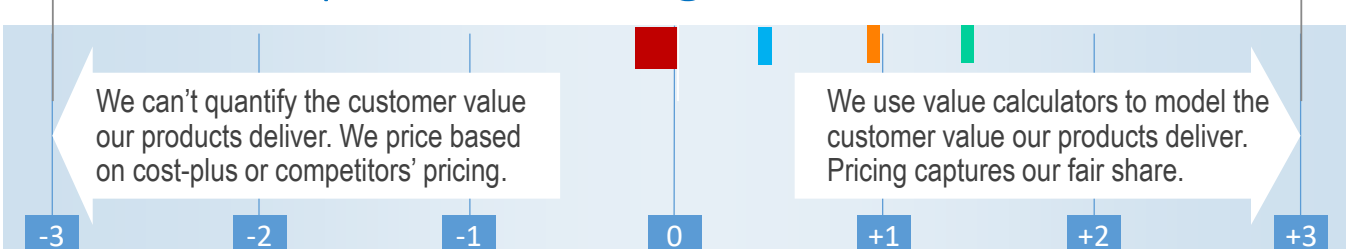


Relevance: You create customer value when your offering improves an important, unsatisfied customer outcome for a customer *product* or *process* somewhere down the value chain. If the outcome can be satisfied by *anyone* else, you haven't created value. You've just matched value.

Recommendation: Don't trust *qualitative* feedback on what customers want. Confirmation bias says we hear what we want to hear. Delay any product development until you have quantitative data proving one or more customer outcomes are both *important* and currently *unsatisfied*.

16. Value Capture & Pricing

Our Business: **-0.1** (**22%** Percentile)

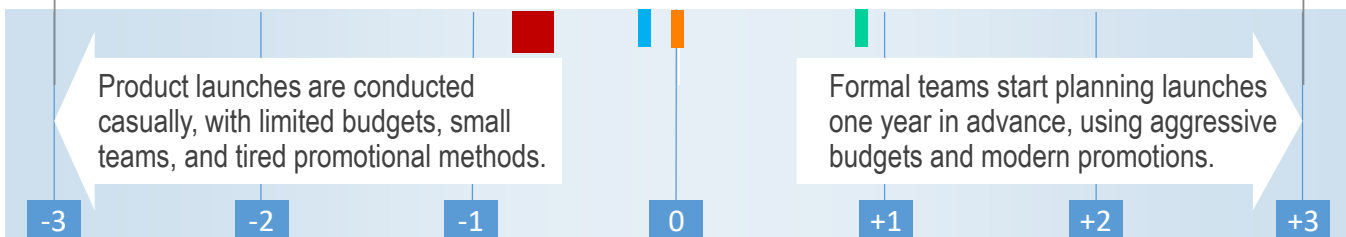


Relevance: To optimize the price of your new product (value captured), you must do two things: 1) *Quantitatively* determine the value customers will receive from your new offering. 2) Raise customers' *perception* of the new value you're creating as close as possible to the actual value.

Recommendation: Use a value calculator for both of the above tasks. While you're in the value creation mode, customers will be at their most helpful. So collect economic data during interviews and customer tours you can use later to build a value calculator to model their expected benefits.

17. New Product Launch

Our Business: **-0.7** (**27%** Percentile)

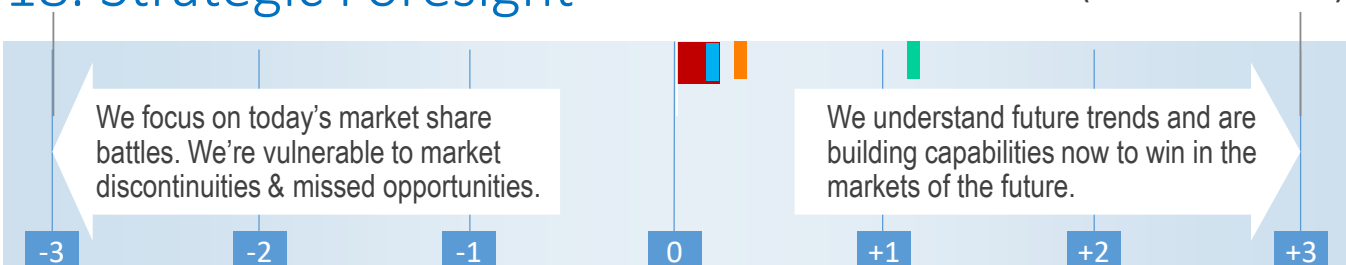


Relevance: Strong B2B product launches focus on key customer outcomes you uncovered in the front end of innovation. B2B launches should introduce the right product... to the right market (*who* to tell)... using the right message (*what* to tell)... via the right media (*how* to tell).

Recommendation: Begin multi-functional launch teams 10-12 months before launch. Use verbatim front-end interview notes to plan search-engine optimization, and use front-end competitive tests to strengthen your messaging. Ensure healthy budgets and the use of modern online media.

18. Strategic Foresight

Our Business: **0.1** (**47%** Percentile)

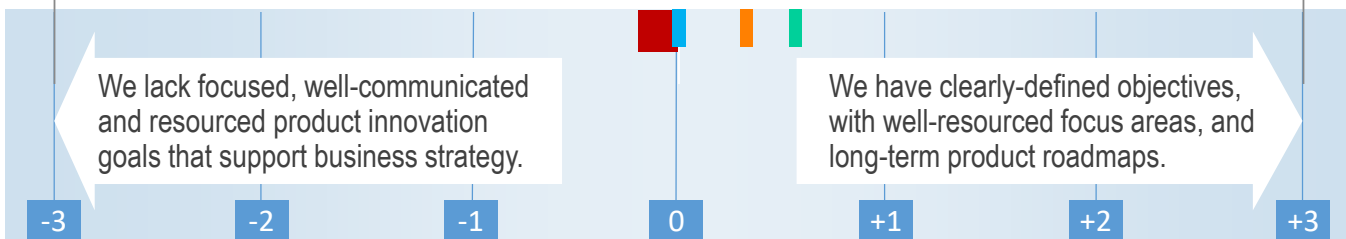


Relevance: Change can be swift and punishing. "Barriers to competition" can look like invitations to disruption. To avoid the fate of competitors to Uber, Amazon, Apple or Tesla, focus your organization on future trends that will threaten your business or provide it with new opportunities.

Recommendation: Don't just focus on today's market share battles. That's the 3rd level of competition. The 1st level is competing for industry foresight, and the 2nd is competing to build capabilities for that future. Immerse your organization in creating a shared view of "what may be"

19. Technology Strategy

Our Business: **-0.1** (**46%** Percentile)

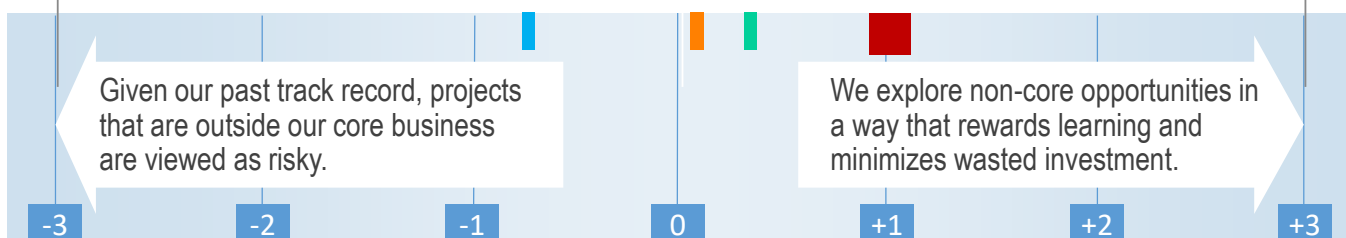


Relevance: Strong technology strategies play a key role in realizing business goals. They give R&D clear technology objectives in well-defined strategic areas of focus. Hallmarks are strategic “buckets” of allocated resources, product roadmaps, and long-term commitment to success.

Recommendation: Begin by defining strategic market segments (#2, Market Concentration) and understanding customer needs there (#4, Market Insight). Then maintain high resource levels focused in these areas, using long-term roadmaps to convert technology into high-value products.

20. Transformative Projects

Our Business: **1.0** (**95%** Percentile)

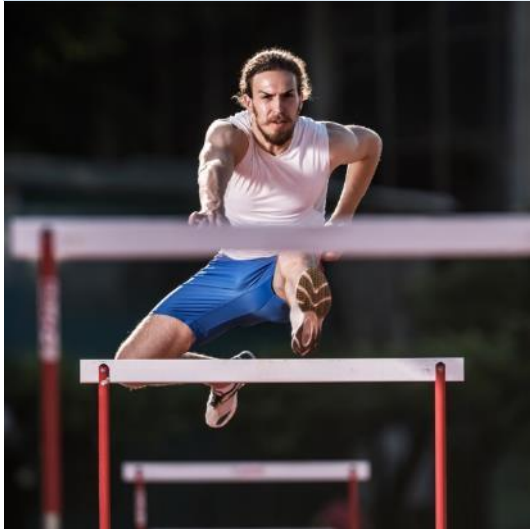
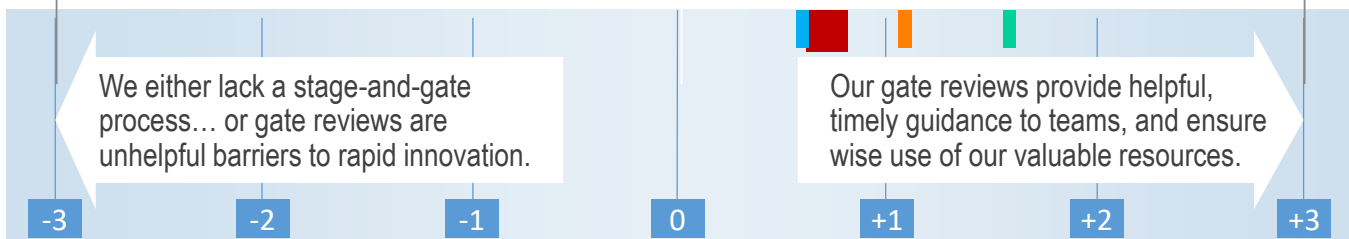


Relevance: Many B2B companies view forays into unfamiliar markets or technologies as dangerous, based on their prior experience. Yet top-performing companies receive up to 70% of their financial returns from such projects. They’ve learned how to manage these project differently.

Recommendation: Don’t view transformative projects as *risky*. They’re simply *uncertain*: You probably don’t know enough to assign risk yet. Using options theory (pay a little to learn a lot), identify the key risk factors and methodically move the high-impact factors from uncertainty to certainty.

21. Gate Review Process

Our Business: **0.7** (**56%** Percentile)

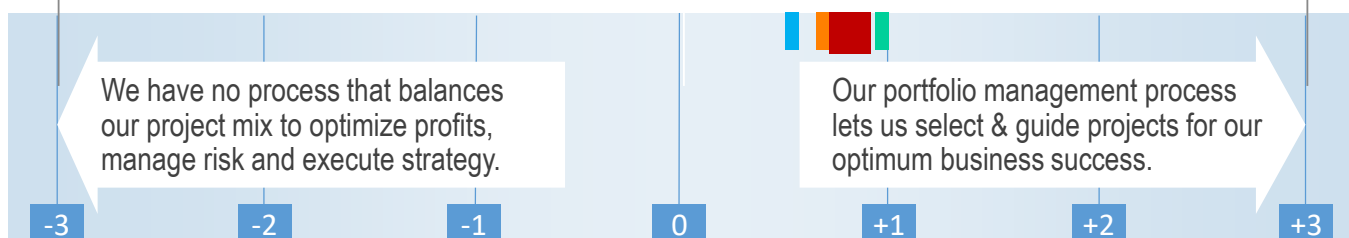


Relevance: A solid stage-and-gate review process helps project teams... providing a roadmap for how to succeed. It also helps the company, by 1) preventing runaway failures and 2) providing the data needed to plan resources and manage a portfolio of projects optimizing risk and profits.

Recommendation: Make sure your process doesn't inhibit innovation with a "checklist" mentality or "inside-out" thinking. To ensure your process doesn't hinder speed, consider applying scrums and sprints borrowed from the "agile" methods used in software development.

22. Portfolio Management

Our Business: **0.8** (**81%** Percentile)

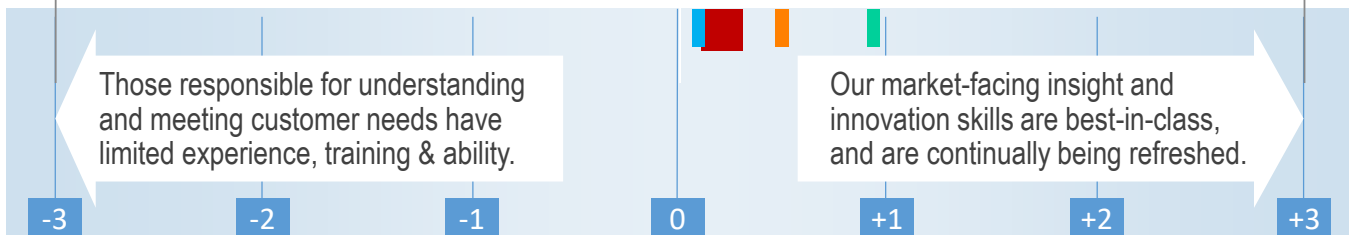


Relevance: Portfolio management allows you to put your scarce resources to their best use. It lets you balance projects between 1) short-term and long-term, 2) core, adjacent and transformational, 3) technology development and product development, and 4) different risk levels.

Recommendation: Reduce the number of projects in your portfolio to the point where each is staffed for rapid progress. Never accept much *commercial* risk once development begins, as this squanders R&D resources. In B2B, this risk can be resolved in the front end of innovation.

23. Talent Management

Our Business: **0.2** (**57%** Percentile)

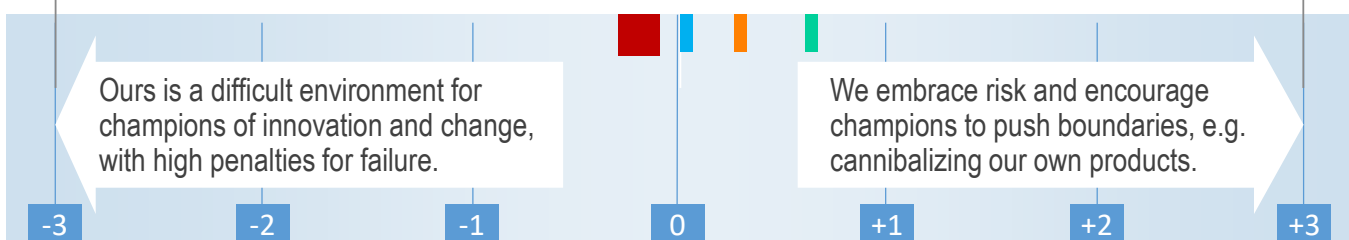


Relevance: Peter Drucker said there are only two functions of business: innovation and marketing. (He said the other business areas are just costs.) A key driver of business success is whether these functions are staffed with enough experienced, well-trained and capable personnel.

Recommendation: Ensure that sufficient marketing resources are in place to “aim” your innovation work with keen market insight. Then provide strong, ongoing training to both marketing and technical staff, to build their capabilities in understanding and meeting customer needs.

24. Culture of Innovation

Our Business: **-0.2** (**38%** Percentile)



Relevance: According to Peter Drucker, “Culture eats strategy for breakfast.” Research shows that highly innovative companies have cultures that embrace risk, are willing to cannibalize their own products, and focus on the future. (See *Unrelenting Innovation*, by Gerry Tellis)

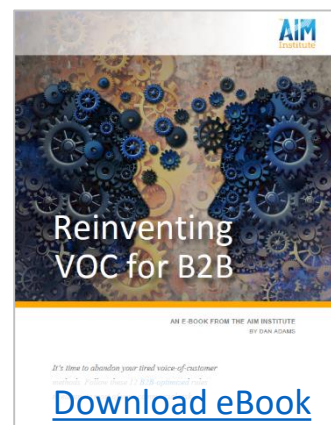
Recommendation: Three practices have been shown to build strong cultural traits: 1) Provide strong incentives for successful innovation and weak penalties for failure. 2) Establish internal markets to encourage healthy competition. 3) Empower innovation champions.

Next Steps

Now that you understand your business's current growth capabilities... what will you do with this information? Consider these free resources:

Front End Innovation

Need a fast start by improving customer insight? New Product Blueprinting is the premier B2B methodology today, and includes qualitative Discovery quantitative Preference [interviews](#). See www.newproductblueprinting.com. Perhaps our most helpful free resource is this e-book.



B2B Product Launch

LaunchStar® methodology is the most advanced [software](#) and training for launching products into B2B markets. Learn more about this approach--and especially 9 online and 9 traditional promotional tools--by visiting www.launchstar.com. Our top launch tips are available in this free e-book.



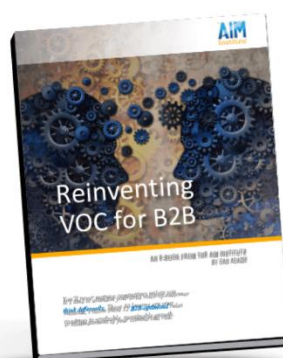
This diagnostic was designed by Dan Adams, founder of The AIM Institute, and author of the book, [New Product Blueprinting: The Handbook for B2B Organic Growth](#), the weekly blog, [Awkward Realities](#), and monthly [newsletter](#). He is a chemical engineer, and holds many patents and innovation awards, including a listing in the National Inventors Hall of Fame. An award-winning speaker, he has trained thousands of B2B professionals all around the world in his methods. More at www.danadams-aim.com.

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Voice-of-customer methods for B2B should be *entirely* different than those for consumer goods. Read the 12 new rules here.



White papers

Absorb the most advanced thinking on B2B organic growth, e.g. the Innovation Wave and eliminating commercial uncertainty.



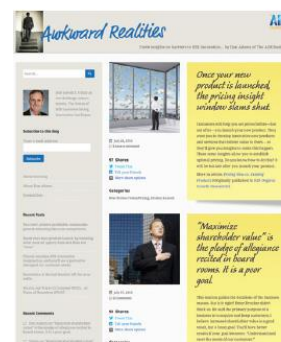
Articles

If the topic relates to B2B innovation and organic growth, you'll likely find an article here... and it *won't* be a rehash of others' work.



Newsletter

Every month you'll read fresh thought leadership... with timely advice for B2B companies eager to grow through innovation.



Blog

Join Dan Adams each Friday for a new "awkward reality"... something we do today that will cause future innovators to laugh at us.

For more information or a free consultation, contact www.theaiminstitute.com/contact