



FRAMEWORKS

Overview

A key element in Economic Gardening (helping local companies grow) is a set of frameworks analyzing the root issues affecting growth. Over the 35 years of developing the program, we realized that the requests were often for marketing help when in reality a number of other deeper issues had to be resolved first. Until strategic issues like core strategy (commodity or niche), market dynamics and temperament were worked out, a marketing list is often of no use.

We consider these frameworks as ways to think about problems, not the answer to the problem. A well formulated question is half way to a good answer. We have found that if the CEO has an understanding of the language and concepts we are using, the Discovery Call goes faster and provides richer, more focused information.

The five root problem areas we investigate are:

Core Strategy

- This is simply how you compete in the market –on price or on difference?
- The “difference” could be all kinds of things ranging from a unique and better products to established relationships and distribution channels – anything that the customer wants and the competitor doesn’t have.
- If *customers* don’t see any significant difference, then you are by default competing on price as a commodity
- Rule for winning as a commodity: lowest price
- Rule for winning as differentiated: constant innovation

Market Dynamics

- Market dynamics is the interaction and tension between the company, the customer and the competitor.
- The first step is determining the size, growth and competitive shares of the market. In particular, we are looking for unconsolidated markets that are growing, emerging and/or disrupted. We also do competitive intelligence, to determine what the company is up



against. At this point, it is not about finding actual companies and contacts (which is a qualified sales lead issue).

- An important subset of the work at this stage is the business model. Improved models are just as effective in increasing sales as new leads.

Innovation

- Regardless of whether you compete on price or difference, the one constant is competitive pressure
- Competitors will eventually match your capabilities or your price, which forces you to innovate in one of two areas:
 - Innovate more efficient processes to reduce your costs
 - Innovate your offerings to increase the difference between you and competitors
- Either way, innovation and change is the key
- Innovation checklists include
 - Do you have someone assigned to do it?
 - Do you have someone with an innovation temperament?
 - Do you have the infrastructure for innovation?
 - Do you have a way for determining how much and how fast you need to innovate?

Preferences and Temperament

- We are all born with preferences (left/right hand, control/freedom, thinking/feeling).
- These personality preferences (which combine to form a temperament) bring strengths and weaknesses into the business
- Temperaments can be thought of as four ways of seeing the world
- Temperament is also a filter that affects communication with customers and employees. You are more likely to influence someone if you can speak their temperament language.
- Once you understand preferences (e.g. introversion/extroversion) you can manage by matching job requirements with preferences.
- Keep in mind that one preference range is stability/change. About 25% of the people prefer change. These are the lead people for innovation in the organization. Companies that employ only people with a preference for stability have difficulty with change (innovation).

Qualified Sales Leads

- Ultimately to grow, a company needs sales leads and we do that after the above issues have been worked out.
- Old economy sales approaches of making “Willy Loman cold calls” has been replaced by using “Moneyball” statistical approaches. The objective of marketing is to find higher



- probability sales calls by looking for people who have established motivation and are in the market today.
- While we can generate a “universal” marketing list made up of companies that meet our target customer profile, most of these companies will have established vendors.
- Here’s the key point: *Only a small portion of that universe is actually in the market on any given day.*
 - a. Most are going to be happy with their current arrangements
 - b. Many are going to be risk adverse in making changes that may affect their careers
 - c. Those that are in the market, give off “change” signals. We work smarter by looking for those signals.
- The purchase process has four steps: motivation, investigation, evaluation, selection.
- We can identify customers who are in the market today by looking for change (public signals of volatility). Change establishes motivation (step 1) and initiates the investigation stage (step 2).
- We can intercept motivated customers who are in the investigation stage in three different channels: outbound (cold calls) inbound (internet searches) and watering holes (gathering places).

Hopefully this brief outline will help you understand the questions we are asking in the Discovery Call. If we can get clear direction about core strategy, understand the size and nature of the market and the competitors, get a sense of how innovation is handled for price or products (including hiring of temperaments), and identify public signals of volatility from those who are in the market today – then we can provide a qualified sales leads list that will have much better outcomes than a cold call list.