Executive Summary - Why Market Activation Fails - Bob Lurie

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Executive Roundtable for Materials Growth

Hosted by: Growth Arc Advisors LLC

Contact: Kendall Justiniano for follow-up consultations for your organization.

Summary

Bob's main career purpose has been to help teams deliver faster organic growth for existing and new products. He centered on this as he worked with teams struggling to increase their growth rate despite following the traditional marketing playbook. He would often see the traditional marketing playbook lead to poor results. This common failure mode led him to realize that the problem was not poor execution, but rather a flaw in the playbook itself. The solutions he crafted and proved out are summarized in his book, The Organic Growth Playbook.

Bob's fundamental insight is that awareness of a product is not the key to growth, and simply getting the message out about a product is not enough. Yet this is often the main goal of the standard playbook that focuses on segmentation & targeting, value proposition, and promotion. In today's information rich world, customers already know about you and your products, so while necessary, its rarely the source of advantage. He believes that the industry is struggling to make the old playbook work in today's context of information ubiquity and strategic sourcing. Companies are investing heavily in digital capabilities but are not effectively utilizing them, choosing instead to focus on traditional approaches informing customers about their product. Salespeople are finding it even more difficult to break through the barriers created by procurement and get their product messages across to potential customers.

Common Levers Pulled when Growth is Needed

Two levers that are commonly pulled when materials companies seek growth are to 1) amp up sales activity and 2) launch new products.

The problem with focusing on increasing the number of sales calls as a way to drive growth is that simply making more calls is not effective if salespeople are calling on the same customers and only to procurement. In one company Bob worked with, the CEO mandated an increase in sales calls, but only saw a marginal improvement in call frequency until they started tracking and incentivizing calls. Even then, sales calls only increased to new prospects; calls to strategic customers stayed constant. In the end, they discovered that sales was uncomfortable talking to anyone besides procurement and without anything new to say to customers, they feared calls on procurement would only end in requests to lower price. More sales calls aren't going to matter if all you're doing is calling on procurement and focusing on product awareness.

Bob's experience with new products as a growth lever has been frustrating as well. While he understands the importance of innovation and new products, he has found that most companies only offer incremental improvements that don't necessarily provide enough value to outweigh the costs and barriers that customers face when adopting a new product. In his experience, companies bring these new and improved products to their biggest customers, only to have them acknowledge the improvements but ultimately decide not to purchase due to various reasons such as being too busy or having other priorities. Despite the perceived benefits of the new products, customers often resist adopting them due to the costs, difficulties, and disruptions they may bring to their current processes. Bob has seen this cycle play out time and time again, highlighting the challenges that companies face when trying to introduce new products as a growth lever.

As an example, Bob worked with a company that specialized in thermoplastics. With the rise of infections in hospitals leading to Medicare reimbursement issues and increased disinfection protocols, the company saw an opportunity to introduce a new thermoplastic grade for medical device housings that was more chemically resistant than the commonly-used resin. Over the course of 2 years they executed a traditional product launch focusing sales reps on making the case for their superior product performance. Despite their best efforts, including extensive sales calls and product testing, they were met with resistance from potential clients who acknowledged the superiority of the product but ultimately decided not to make a purchase. The company was at a crossroads, unsure of how to proceed after investing significant time and resources into this launch.

The Critical Growth Lever - Focusing on early customer behaviors

Bob's approach entails engaging with and assisting customers at a stage of their buying process that is earlier than what is typically considered important. He emphasizes the need to understand the complex decision-making process that customers go through before making a purchase. By doing so, it is common to find specific behaviors which have a disproportionate impact on sales outcomes. Small, seeming insignificant activities commonly have outsize impact on results. Instead of following the conventional playbook of a product-centered approach much later in the buying cycle, Bob suggests targeting customer behavior during their research, options formulation, and evaluation processes. [see Slide 3]

Bob's approach focuses on going upstream in the sales process, targeting specific behaviors and activities that have a significant impact on the final purchasing decision. He emphasizes the importance of early information and guidance in influencing how customer frame their issues later on. By understanding the factors that influence customers' decisions and providing tailored support, Bob believes that materials companies can effectively guide customers towards their product or service. Additionally, Bob highlights the powerful use of digital tools to outflank procurement and reach customers through targeted online content. [see Slide 4]

Examples in Practice

The Medical device resin supplier mentioned earlier completely changed their outcome when they modified their approach. By carefully analyzing the customer's upstream buying process, Bob was able to identify key roles and key testing steps which were hampering product uptake. By educating the industry about the inadequacies of the current testing methods and providing support to the housing design engineers to advocate for better testing protocols, the supplier was able to change testing behavior and demonstrate the superiority of their product. This two-pronged marketing campaign resulted in increased sales as medical device companies were more likely to choose the supplier's product that performed well on the updated tests. By targeting specific roles within the buying process and providing tailored support and information, the supplier was able to effectively influence purchasing decisions and improve their market position. This strategic shift in approach ultimately led to a significant increase in sales and success for the resin supplier. [see Slide 6]

Bob's experience with a commercial HVAC supplier revealed the importance of building relationships with facilities managers early in the buying process. While the salesforce was focused on responding to RFQs and closing deals, Bob discovered that facilities managers were more likely to consider and purchase solutions from vendors they had consulted with early on. By providing valuable ideas and insights to facilities managers before they even started the buying process, vendors could build trust and influence the decision-making process in their favor. Through careful analysis and targeted experimentation, Bob was able to demonstrate the significant impact of early engagement with facilities managers on sales outcomes. The data showed that facilities managers were not only more likely to consider new solutions when they had consulted with a vendor, but they were also three times more likely to purchase from the vendor who had provided valuable insights. This insight highlighted the importance of targeting early upstream behaviors in influencing the buying process. By engaging with facilities managers early and providing them with relevant information and ideas, vendors could establish themselves as trusted partners and increase their chances of winning future business. This shift in approach required convincing the salesforce to invest time in cultivating relationships and providing assistance, rather than solely focusing on closing immediate deals. However, once the sales organization had shifted their approach, sales took off. [see Slide 5]

ROI and Prevalence of Behavioral Opportunities

The return on investment for implementing these growth approaches can be significant, with a potential boost of 1.5 - 2X the base growth rate. This boost is true for existing, slower-growing product lines as well as new product launches. By identifying and targeting specific upstream behaviors, companies can outperform industry averages and increase their market value. This approach has been successfully applied with consistent results across various sectors, including consumer goods, pharmaceuticals, and energy, demonstrating its versatility and potential for success. Ultimately, by challenging existing strategies and focusing on behavioral targeting, companies can achieve substantial returns and secure their position in the market. [see Slide 7]

About Bob Lurie

Bob Lurie, PhD, is the former Vice President of Strategy at Eastman Chemical, and author of AMA award winning book ***The Organic Growth Playbook***, which highlights the ideas and methods that helped companies in every market sector and continent generate growth rates 1.5-2X higher than expectations

Bob is the former Vice President of Strategy at Eastman Chemical where for 6 years he implemented the methods he used to generate growth in a chemical industry context. Prior to joining Eastman, he was co-managing partner of Monitor Group and a senior partner at Monitor Deloitte following the firm's acquisition by Deloitte Consulting in 2013. He founded Monitor's marketing and growth practice, known as M2C, and led it through more than a decade of double-digit growth. He was the architect of the innovative approach to organic growth that fueled M2C's success and laid the groundwork for the Organic Growth Playbook.

During his two decades as a management consultant, Bob worked with CEOs and other leaders of Fortune 500 companies in nearly every sector and part of the world to help them accelerate growth.   He has helped numerous organizations embed these ideas through large-scale marketing transformations.

Bob earned his PhD in economics from Yale University.

About Growth Arc Advisors LLC

After a 30 year career as an executive in the chemical industry, founder Kendall Justiniano started Growth Arc Advisors to help chemical business leaders implement the new thinking required for changing fundamentals. We're experienced industry operators who know the old playbooks, their gaps, and the new pages required.

The firm delivers customized engagements for Materials Executives in 3 key areas:

Commercial Effectiveness: increasing growth revenue through proven next-level commercial practices, including digital sales & marketing.

Strategy: helping clients navigate threats generated by sustainability, digital, and global demand shifts.

Innovation: accelerating return on innovation through focused investment.

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