

The Growth Accelerator – Benefit

Best in class companies implement targeted, impactful and replicable Growth Accelerator initiatives to realize double digit growth in promising opportunity spaces

Growth Accelerator benefit
 Implementing a targeted and impactful Growth Accelerator initiative typically yields an average return of 13 percentage points incremental CAGR (compound annual growth rate). While organizations concentrate on serving existing business to fulfill annual targets and shareholders' expectations, they often have limited or no strategies to address the tremendous potential outside their core business in the mid- and long-term.

Identify promising opportunity spaces

Growth Acceleration initiatives typically target one or more of the following four opportunity spaces to either extend market share or facilitate market expansion (see exhibit):

Arthur D. Little's experience shows that growth initiatives are often limited to sales intensification / market penetration and focus on only a few chosen market / customer segments within the core business.



We suggest the following to tap into new sources of revenue and margins without neglecting the current core business:

1. Intensification - Protect and in-crease your company's turnover of existing products and services within the existing customer base ("defend and grow the core")
2. Enhancement - Broaden the customer

base and develop business in underrepresented and new market segments (e.g. regional expansion, development of new business models, customization of offerings)

3. Enhancement - Define your market segment specific future product and innovation pipeline to fulfil current and emerging customer needs
4. Enlargement - Identify attractive growth opportunities in new target markets and product segments beyond your current scope leveraging existing competencies and capabilities.

Set pre-requisites for successful Growth Accelerators early on

Based on insights from best-in-class companies, we identified the following factors which are critical to success when taking the Growth Accelerator journey:

Committed vision & strategy

- Growth strategy embedded in corporate / BU strategy
- Incentive systems aligned with growth accelerator ambition & strategy

Engaged and energized culture

- Tolerance for uncertainty and failure, "celebrate funerals" and "kill early" if needed

Networked organization

- Cross-functional and flexible organization structure
- Efficient business intelligence and knowledge management
- Actively deployed industry expert network

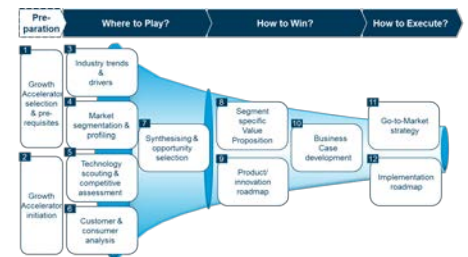
Impactful processes and resources

- Critical strategic marketing, innovation & technology resources deployed
- Tailored processes, tools and KPIs

Finding growth – Case example

Arthur D. Little supported a packaging player in identifying and targeting segment specific growth opportunities resulting in € 250 mil revenue potential.

We thereby apply a three-step, modular approach to find and capture promising opportunities (see exhibit):



Phase 1: "Where to Play?"

Gain insight into future developments, trends and drivers. Analyse customer and market requirements, competitive dynamics and unmet needs. Identify and prioritize growth opportunity spaces with the highest value potential.

Phase 2: "How to Win?"

Define your own future ambition and position for the target market segment. Formulate a unique segment-specific value proposition and develop an actionable product and innovation roadmap to address your opportunity spaces. Build the business case to assess the impact on your business.

Phase 3: "How to Execute?"

Define a winning Go-to-Market strategy and develop an actionable roll-out plan to operationalize the selected growth opportunities.

Arthur D. Little can help you to identify and realize growth opportunities. Our Growth Accelerator is targeted, impactful and replicable: It is end-to-end, from ambition to realization and from Strategy and Marketing to R&D and Operations. The Growth Accelerator is about helping companies on their continuous growth journey.

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