



## Leadership Essentials

# Sustaining Growth

Achieving leaders contribute to the sustainability of their organisation



# Sustainable growth is the realistic, attainable growth that can be achieved without running into problems of funding caused by too rapid growth or by stagnation as a result of slow growth or lack of innovation.

Optimum growth rates vary by sector and over the lifecycle of a company. A sustainable growth rate is the maximum growth which can be achieved without needing to increase financial leverage. Successful growth requires a focussed strategy, but this needs to be matched by increase in capability, for example investment in infrastructure including human resources. Growth strategy tends to be achieved in four ways, singly or in combination:



## Know Your Market

Whatever business you are in there will be a limit to growth on existing products or services. One of the major ways to sustain growth is to have a culture of innovation and succession. To achieve this successfully you must know your market.

Fortunately, we live in a time where it has never been easier to acquire information about changing customer characteristics, purchasing patterns and even desires. Big data analytics resulting from the exponential increase in computer processing power enables corporations to create sophisticated pictures of existing and potential customers. Data analysis can move beyond demographics and track behaviours and buying patterns.

Social media too is now an essential component of market intelligence arising from the big data they collect about their users. Platforms such as Facebook have sophisticated mechanisms for targeting adverts and niche products at segments of the market previously hidden.

Markets also grow geographically so intelligence isn't solely about consumers but also about the environment in which you will be making or selling your products. Whether you are "off shoring" or going global, you need to know about the context you are moving into.

Knowing your market requires synthesis of all the knowledge and use of it, that is intelligence.

## Know your Suppliers

Knowing suppliers boils down to managing risk for the organisation. Supply chains are often long and complex but only as strong as the weakest link. There are two main types of risk resulting from poor supplier knowledge:

| Financial Risk                               | Reputational Risk                    |
|--|--------------------------------------|
| Fraud  | Quality issues                       |
| Interruption to supply chain                 | Lack of ethical practice by supplier |
| Shortages in labour / energy / raw materials | Violations of international law      |
| Political                                    | Environmental damage                 |
| Fines  | Bad press                            |

Minimising risk can involve many actions but are essential in a globalised economy. Financial risk is often easily quantified but reputational risk can be more enduring. Ill-judged practices or products can damage your company and the harm can reverberate around all media with serious consequences for the brand. There are key actions which any corporation must take to minimise these risks, these are set out below:



There is no excuse in law for ignorance. One of the main ways of knowing your suppliers is to conduct due diligence tests on all potential suppliers. Due diligence is a research task which critically appraises all available data on a supplier and will result in clear, defensible recommendations and improved knowledge of that supplier, its structures and links.

## Environmental Sustainability

One of the main risks to growth in the global marketplace is looking after the environment, which is a current theme in business. Developing business practice which aligns with environmental sustainability is one way of attaining sustainable growth. A "slash and burn" approach to business is no longer acceptable, so Corporations are expected to lead on environmental sustainability both because of their current impact but also their power to make change.

For leaders, building a business case for environmental sustainability involves the following:

- **Environmental sustainability** is risk-free and consistent with reducing business exposure
- **Initial start up costs** will show longer-term cost savings, especially in energy
- **Offers a competitive edge** in attracting new customers and investment supporting growth
- **Opportunity for business differentiation** on the basis of sustainable environment offering

A word of warning though, in seeking to meet new customer demand for environmental sustainability don't abandon products favoured by the existing customer base.

## Tips for Achieving Sustainable Growth:

- Make the most of big data analytics to develop your market awareness either by developing in-house capacity or purchasing third party analysis.
- Know your suppliers by conducting rigorous supply chain mapping throughout your supply network.
- Build capacity for innovation by spending money on succession planning through research or staff development. This will keep your organisation ahead of the pack.

### References

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- Carter, C & Rogers, D (2008). **A framework of sustainable supply chain management: moving toward new theory**, International Journal of Physical Distribution & Logistics Management, Vol. 38 Issue: 5, pp.360-387, <https://doi.org/10.1108/09600030810882816>
- Lynn, M (2011). **Segmenting & targeting your market, strategies and limitations**. Cornell University Monograph accessed online 2017 at: <http://scholarship.sha.cornell.edu/articles>.



## Dimensions of Leadership

The Institute of Leadership & Management's Dimensions of Leadership offer, often elusive, insights into great leadership. This is not a static representation but an evolving description of the complex nature of leadership activity.

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