VENTURE CATALYST

The Five Strategies For Explosive Corporate Growth

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MAIN IDEA

Irrespective of the ebb and flow of the economy, business leaders are responsible for achieving two sometimes conflicting goals:

1. To meet (or exceed) Wall Street's expectations on a quarterly basis.
2. To foster the development of the new technologies and products which will generate genuine long-term growth.

To balance these two goals, many businesses end up playing it safe and trying to grow through line extensions or by expansion into new international markets. A better approach, however, is to be far more proactive in building new businesses. Or, more specifically, impressive earnings and profit growth can and should be achieved by starting and then growing new ventures alongside the existing business. There are five basic corporate growth strategies that can be applied using a venture approach:

In total, business ventures can be a great source of growth, not just for entrepreneurial companies but also for large and mid-size companies. Performance-driven business leaders will take advantage of these top-line growth strategies to deliver impressive and notable growth, even if doing so is easier said than done.

With this strategy, a business venture is born and grown under the corporate roof alongside the existing business. That way the existing business can be responsible for delivering the quarterly results demanded by Wall Street while the business venture develops the next-generation products and services which will generate revenue in the future.

This strategy may involve the establishment of a corporate venture group to act as strategic investors (like venture capitalists) or quite simply a direct investment of capital and other resources in independent, external ventures. Companies that choose this growth strategy are investing in ideas that are externally sourced.

This strategy involves forming a strategic partnership with a successful venture capital investor. The corporation then acts as a passive investor – providing funds but leaving all investment decisions to the venture capitalist partner.

This strategy involves companies taking the non-core intellectual property and technologies they own and establishing a partnership to create a new business. This is especially applicable to disruptive technologies – the next-generation products and services that may impact on a company's existing revenue sources.

Acquiring and then integrating capabilities, know-how and technology is a well established corporate growth strategy. This is a viable alternative to internal research and development projects. A large number of corporations have used this strategy adroitly to achieve spectacular rates of growth.

The smart strategy of a forward-looking business is not to limit itself to pursuing just one growth strategy. Instead, highly successful business leaders operate several or all of these growth strategies simultaneously. That way, established companies can:

- Accelerate their growth.
- Gain access to new technologies and emerging markets.
- Hedge their bets on the future.
- Learn by doing.
- Cut losses early and try a different approach.

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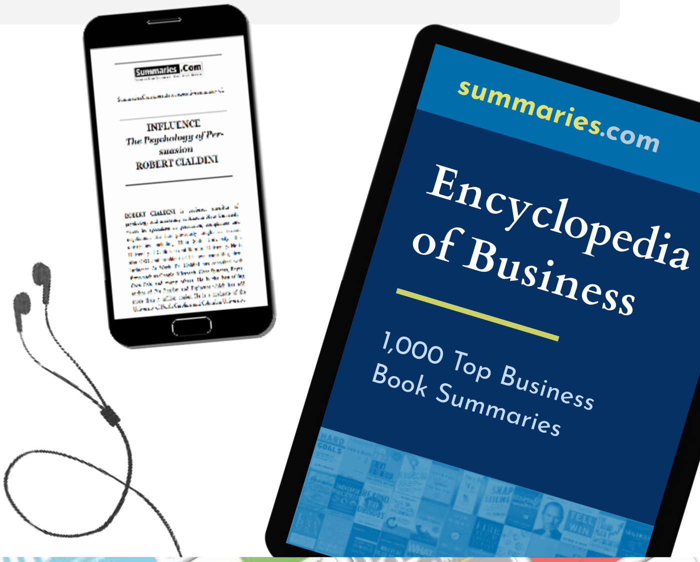

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