

# Four Quadrants Of Growth

## Idea In Short

Four Quadrants Of Growth is a foundational strategic models that can be applied across industries and functions to improve such processes as delivery or sales

## Introduction

Markets have changed and shifted more than ever. Finding a clear and concise strategy to look for opportunities is undoubtedly unavoidable. Regardless of the intensity (low or high) of the competition, strategy matters. When a business envisions outperforming its competition, then the right strategy makes a difference. When offering a product or service, the business target every group of individuals differently. Moreover, the business should customize its messaging around its target audience rather than carpet bombing its prospects with the same message. The Four Quadrants Of Growth model helps companies find those opportunities and establish differentiators. The essence of the strategy is to maximize results by efficiently utilizing the resources.

## Strategy Matters

Those companies that outperform their competitors devise the right strategy and execute it. Tailoring the right strategy helps a business, not only win the competition, but also strengthen the foundation for its customers and its segments. Leaders can execute well against their current vision and provide more distinct positioning. Visionaries understand and want every team member to know where is the market going and changing. If a business is focused on a niche market, it has to constantly innovate. It makes a lot of difference how the business approaches the same customer in different ways and create that Aha! moment, also known as the Eureka effect. Today, a company must understand the overall market context and direction before attempting to dominate in its industry segment.

## What is Growth Strategy?

A growth strategy is a plan to increase a business's size and the value it wants to deliver to its current and prospective customers. The business should consider its competition, how it will compete against them and achieve results. A good strategy always unveils three elements:

## **Defining The Objective And Challenge**

Provides the North Star and facts without which strategy will not delivers results. This component helps understand and study the competition, set the benchmarks and metrics, and articulate the goals to achieve.

## **Guiding policy**

Covers all aspects that should be communicated for the business to set objectives and achieve results.

## **Coherent Action**

Describes the actions and execution by all the team members who will work on finer details to achieve the set targets, boost growth and become an industry leader. In the B2B sales context, the objective to enhance growth underlines the need to increase sales. To increase sales, the business should concurrently implement and optimize the sales and marketing strategies. Based on this objective, a business may need to simultaneously optimize its sales and marketing plays as well as the supporting business processes, either simultaneously or at different times. The Four Quadrants Of Growth model helps revitalize the growth in the required function.

## **Marketing Optimization**

Marketing Optimization is the process of improving the marketing efforts of an organization to maximize the desired business outcomes. It is all about getting better at achieving business goals through marketing. It's the process of making adjustments to marketing efforts based on the data. This process includes data collection and analysis to understand the key drivers that determine consumers' purchasing behaviors and their journey with the organization. After analyzing, the data analysis on competitors has to be done to understand their growth strategy. Marketing Optimization is a continuous process that should be performed on a daily, weekly or monthly basis. In addition, it should be performed on each

individual marketing tactic employed, as well as optimizing the fit of those tactics into the overall marketing and business strategy.

## Sales Optimization

After thoughtful marketing, sales optimization is a crucial step to increase sales. Sales optimization is the process of maximizing sales performance and increasing conversions (prospects to customers) to strategies and tactics, such as deploying technology to increase responsiveness, study customer interactions along their journey and enabling the salesforce with insights on their target audience to help them sell more effectively. To optimize the sales process, the business should establish a goal that highlights the growth areas and mechanisms to improve the overall process. Regardless whether the business aims at increasing sales to existing customers (farming) or winning new customers (hunting), it will require an effective sales plan and playbooks. These artefacts vary across the customer segments the business intends to target.

## Each Quadrant Is Different

The first step is to identify the objective of applying this model in the organization. Let's take an example of effective B2B selling to increase sales as a result. To achieve this, we should tailor the messaging to resonate with target customers and their channel preferences. Marketing products and services to the existing customers will be different for new potential customers. Correspondingly, the objective extends how the business markets its products and services. As a result, it gains insights into its customers pain points, value drivers and rationale why they buy its products and services.

## Quadrant 1: Increase New Customers

It is undeniable that someday down the line, a business cannot sell infinitely to the existing customers. It should constantly acquire new customers for growth. A business can define goals based on different functions and list down optimization actions needed.

## Marketing Optimization

**Goal:** Deliver the necessary number of Marketing Qualified Leads (MQL) **Key optimization action items:**

- Define the marketing content through various levels of interest, such as Awareness / Attention, Interest, Desire and Action (AIDA)
- Build the automation in a way it leads the customer to what they are looking for the get the lead score improved

## **Sales Optimization**

**Goal:** Increase the number of customers by 15-20% per year **Key optimization action items:**

- Build a more effective sales plan that involves the salespeople to convert more leads
- Build the right reward plan for those customers who buy products for the smallest ticket price

## **Quadrant 2: Increase Products Usage From Existing Customers**

This quadrant will be significant for those customers who have already been buying products and services:

How can a business think of giving customers new reasons to buy the existing products?

The objective is to sell to existing customers that have already bought from the business i.e., farming. The business should understand how it can get its customers to purchase again.

## **Marketing Optimization**

**Goal:** Automate all marketing to constantly touch existing customers and give them new reasons to buy. **Key optimization action items:**

- New ways and ideas to motivate existing customers to buy the same products again
- Constantly update customers about new features that increase ease of use and efficiency

- Offer additional promotional incentives to increase usage–price savings on more additional purchases
- Make certain premium services at discounts for customers who have purchased higher volumes

## **Sales Optimization**

**Goal:** Increase the sale of existing products to existing customers **Key optimization action items:**

- Making it simple to order for the customers and promptly handle their queries
- Better pricing and ordering process to get the orders successfully placed
- Hassle-free shipments and delivery

## **Quadrant 3: Introduce New Products**

Once the business has sold its existing products to existing customers, it should now sell its products and services to new customers have not yet made a purchase. The most important of these could be Upgrades, Add-ons, and Bundles or Packages. These could be highly attractive growth opportunities for the business, so it should take advantage of these opportunities.

## **Marketing Optimization**

**Goal:** Market to those customers who have been using products and services. Show a significant increase in benefit by using additional features that they currently do not use.

**Key optimization action items:**

- Utilize the database of those products that existing customers use
- Building an automated marketing strategy, such as if a customer bought A, then use campaign X

## **Sales Optimization**

**Goal:** Increase the sale of additional bundles and packages to existing customers **Key optimization action items:**

- Use the right tool to track customers using existing products and let them know what they are missing out on a feature that can boost their performance by factor X
- Build a reward plan for these customers to make them feel that they got more value

## Quadrant 4: Find New Lines Of Business

This quadrant is very important as it talks about the future and lays a foundation for the direction of the company:

What are possible new lines of business a company can start with to meet their existing and new customer needs?

The objective is to sell a product that the business first developed for a different market segment, with some modifications and customizations. Usually, businesses have ideas regarding the customizations. However, it won't know until it tries to sell in the new segment. This is more of a pilot project that requires a dedicated team with a highly entrepreneurial mindset, is capable of building products and services from the scratch and can find solutions to problems that the business never addressed before.

### Marketing Optimization

**Goal:** Identify other market segments where you have the potential to enter to leverage many of the capabilities you already have. **Key optimization action items:**

- Set up a Market Strategy team that explores applications of current products to solve problems beyond the current market
- Build a disciplined market segment analysis approach to identify the best opportunities

### Sales Optimization

**Goal:** Find the early adopters and key accounts in the new market segment **Key optimization action items:**

- Set up a New Business Development unit charged with finding the right entry points within the selected potential growth area

- Define the compensation plan for rewarding success

## Summary

In any organization, achieving growth depends on defining objectives, establishing goals, assigning the competent personnel and effectively executing those activities to spur growth. Four Quadrants Of Growth also considers macro effects, such as competitor strategies. The Four Quadrants of High Growth is a highly effective sales strategy that enables B2B companies to optimally deploy their limited marketing and sales resources to maximize revenues. This model divides a company's [Total Addressable Market](/consulting/tam-sam-som/), first vertically into two halves of customers and non-customers, and then by product into existing products and new ones. Unlike other segmentation strategies that mostly focus on non-customers and can be difficult to implement, this system ensures that Sellers look at the entire potential market for growth. This includes their existing customers and new markets that they can enter.