



Disciplined Growth through Focus

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**NAPFA Large Firm Forum
Scottsdale, February 2018**

All Revenue Dollars are Not Equally Green

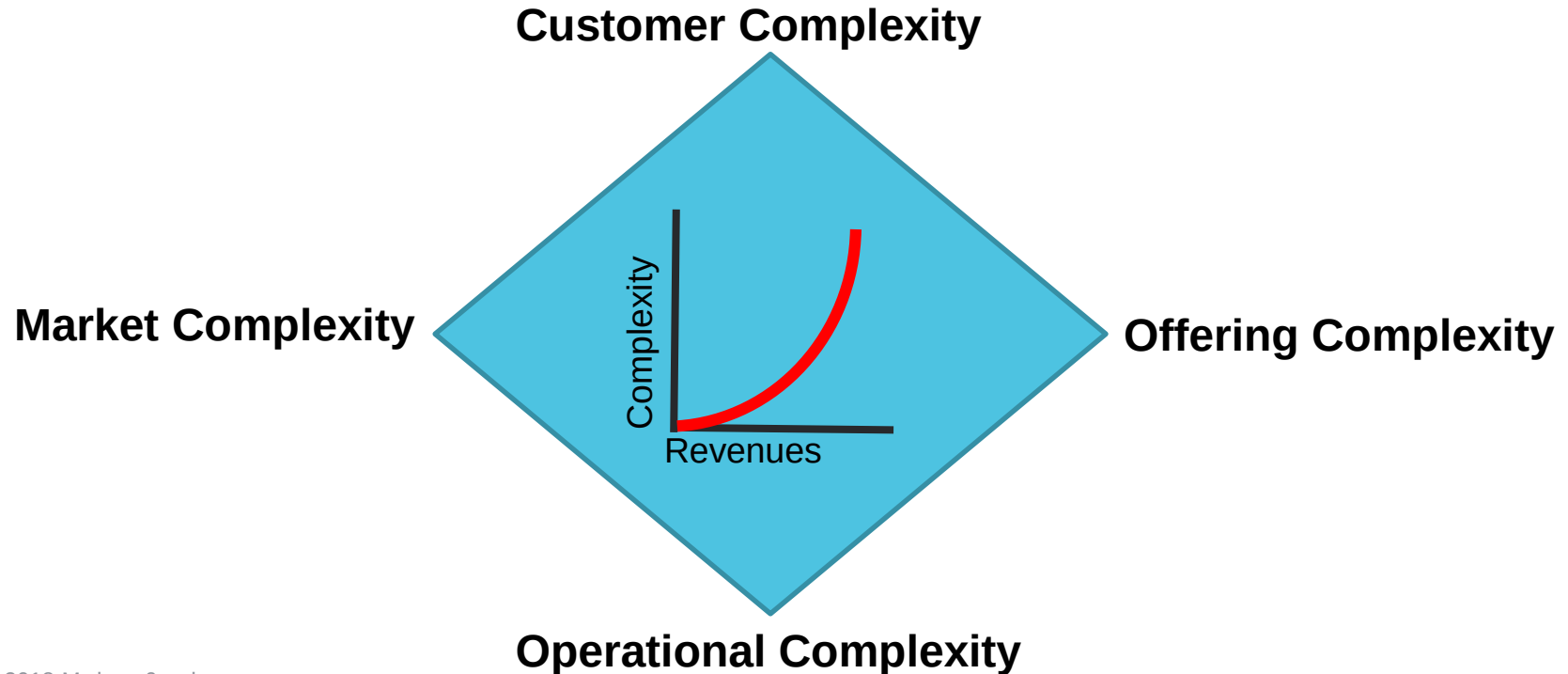


“I never met a revenue dollar I did not like”
- Anonymous CEO

Symptoms of Toxic Growth for Fin. Advisors

1. Have your recent new clients been less profitable than in the past?
2. Is your **Customer Acquisition Cost/Customer Lifetime Value** increasing?
3. Is your **AUM/Client** ratio for new clients decreasing?
4. Is your top line growing faster than the bottom line?
5. Are your administrative & selling expenses increasing as a % of revenues?
6. Is your revenue per employee flattening?
7. Are all your geographical locations profitable?

Growth and Complexity



Why do Companies Lose Focus?

- Investor pressures
- Competitive pressures
- Organizational Silos

The Seduction of “More”

We have too many silos.

We have become too complex.

Feedback from Big Companies

We are too internally focused.

Roles in company are not clear.

Samsung Galaxy Product Line



1/15/2014 @ 6:10PM | 1,112 views

Samsung Slashes Smartphone Line-Up By A Third To Reduce Costs

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Samsung Galaxy Alpha (Image: Ewan Spencer)

Looking to reduce costs, Samsung will remove between twenty-five percent and thirty percent of its smartphone portfolio during 2015. The South Korean company is also looking to increase operating profits back above ten percent through the rationalisation of the product line, and the accompanying drop in the bill of materials due to the increased economy of sale of shared parts.

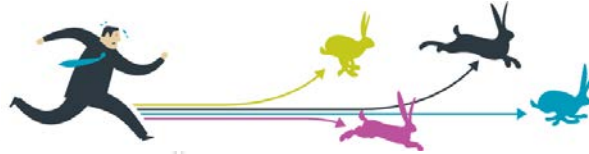
We are stretched too thin.

Feedback from startups

Too many ideas...not enough resources.

We are chasing too many rabbits.

Example: How a Startup can Lose Focus...



B2B: Educational Institutions

Tier 1 and Tier 2 Business Schools

Liberal Arts Schools

Online Institutions (DeVry, University of Phoenix)

B2B: Corporate HR

BPO / ITES Firms (GenPact, Infosys, WIPRO, Accenture)

Services / Hospitality / Retail (McDonald's, Wal-Mart. Etc.)

B2C: Direct to Consumer

VMock Lite – Simple, Easy, Social, and Viral → try before you buy

iPhone/Android App



Vocational Training Institutions

U.S. Department of Labor/ Veteran's Administration

NASWA (National Association of Workforce Agencies) / Career One-Stop

Kaplan

Association of Community Colleges in the U.S.

White Label: Platform Partners

Online Job Boards (Monster.com, CareerCentral.com)

Recruiting Firms (Offline and Online)

Content and Feedback Providers

Growth through Focus



- 1. Do Less**
2. Be Bold
3. Rally Troops
4. Unleash Potential
5. Execute Flawlessly

P&G to Shed More Than Half Its Brands

Company to Focus on 70 to 80 Products, Including Tide and Pampers

Aug. 1, 2014 7:12 p.m. ET



10



537



P&G will focus on 70 to 80 consumer brands, including Tide detergent and Pampers diapers, that collectively generate around 90% of the company's sales and 95% of its profits. Andrew Dowell discusses on the News Hub with Paul Vigna. Photo: Getty

The wisdom of less: How Procter & Gamble can grow by shrinking

by Sanjay Khosla, Mohanbir Sawhney

AUGUST 7, 2014, 10:16 AM EST

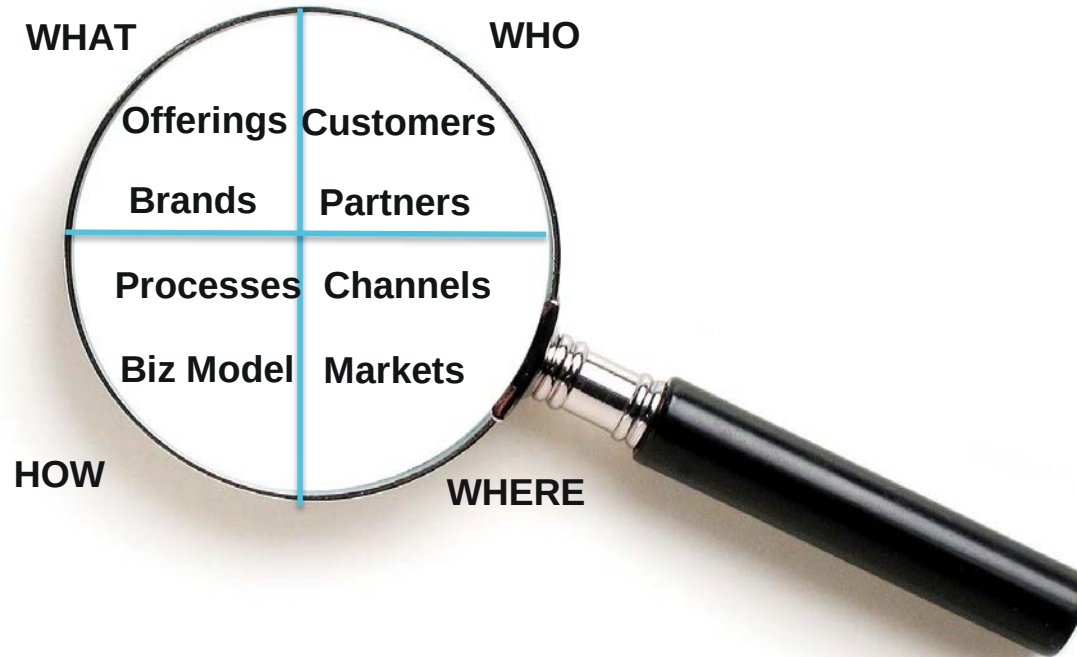


Focusing through Strategy Lenses

- Choose a few key dimensions on which you will focus your business
- Relentlessly align resources and efforts against the chosen lenses



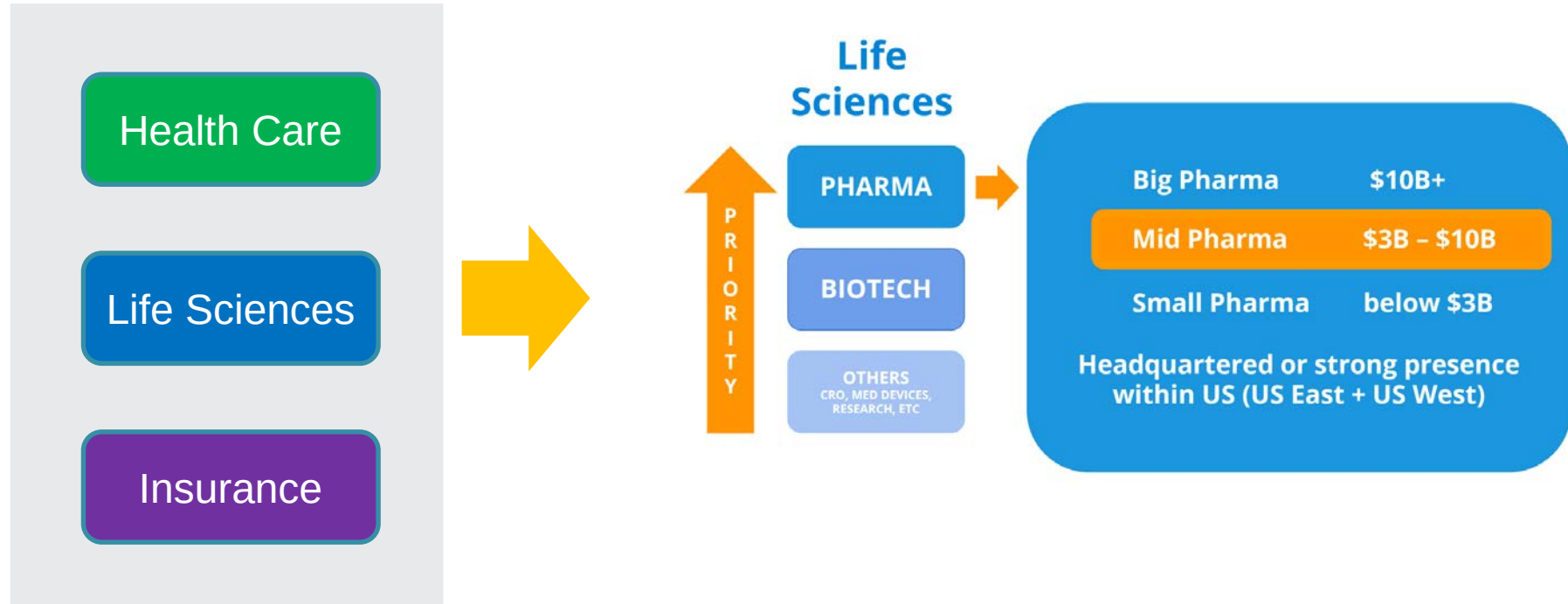
The Eight Strategy Lenses for Focus



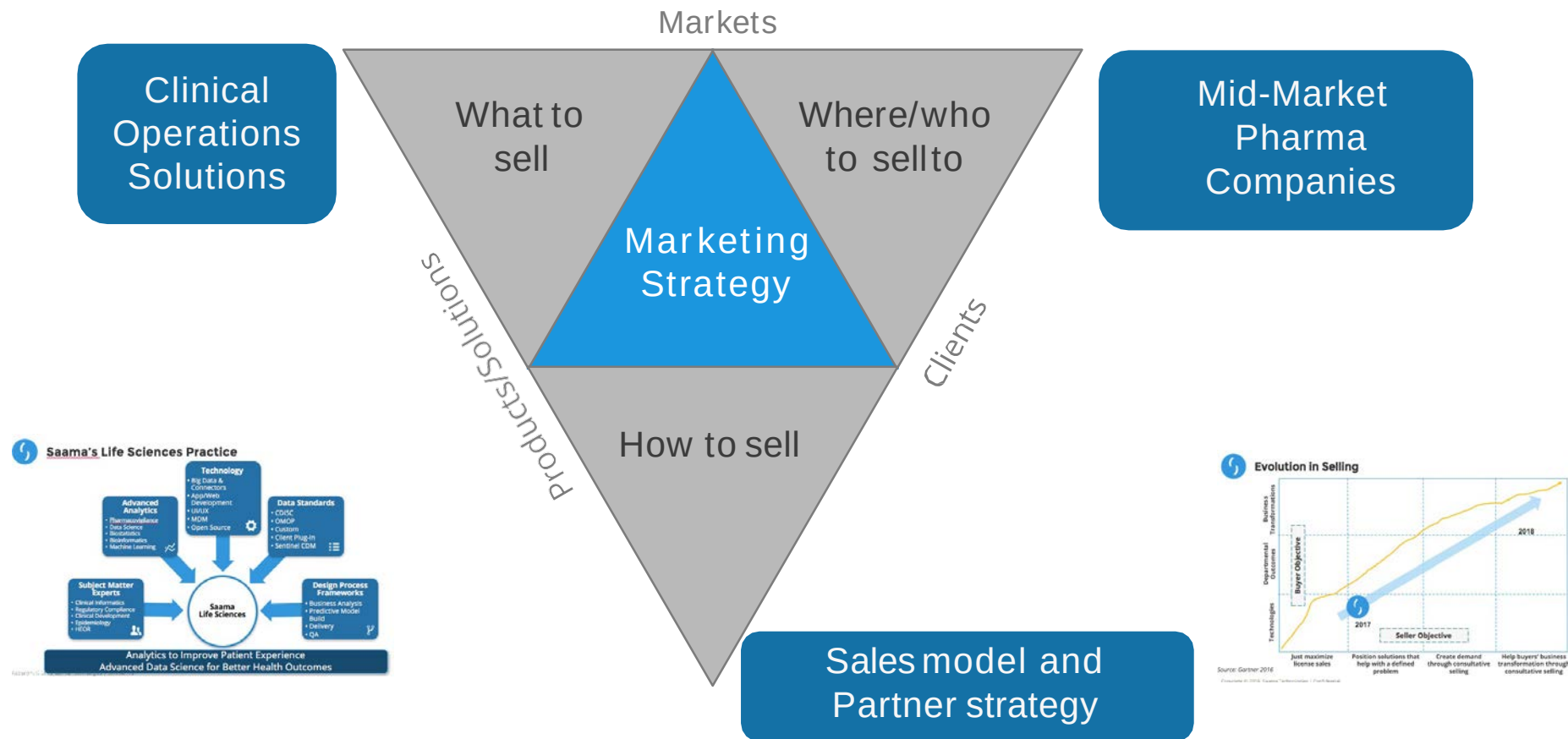
Examples of Strategy Lenses

Company	Strategy Lenses
Kraft International	Categories, Brands, Markets
EXLSERVICE	Vertical Markets, Analytics
Virgin Group	Brand
Vanguard	Product Offering
Walgreens	Category

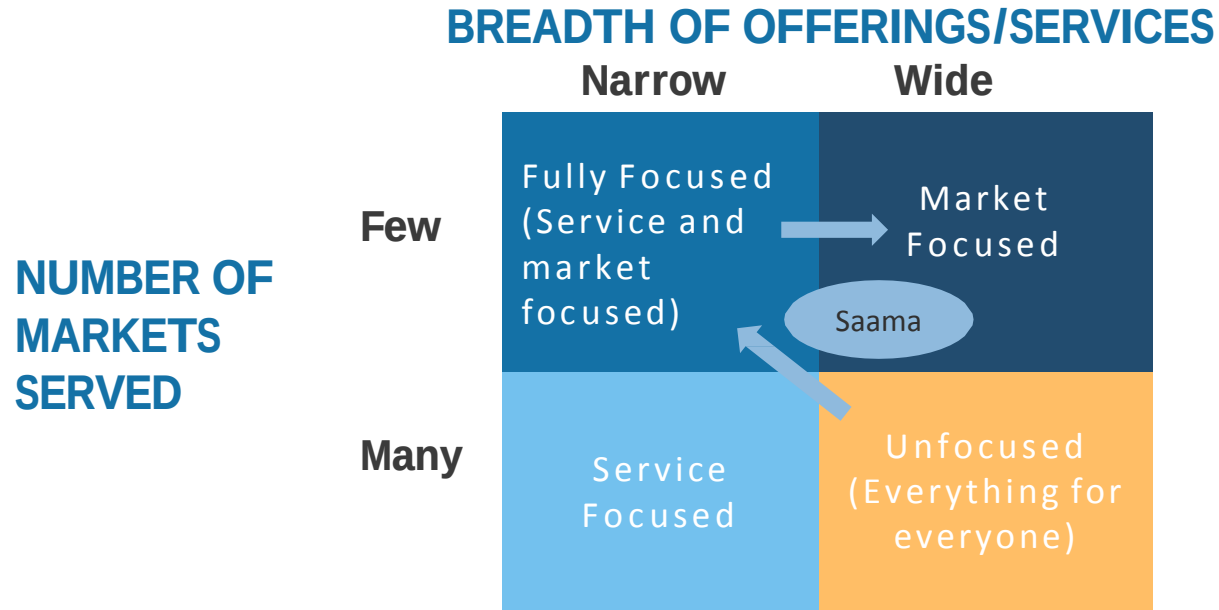
Case Study: Saama Technologies



Lenses for Focus at Saama



Saama's Growth Strategy



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Distorting Resources against Priorities

- Companies spread resources too thin across too many initiatives
- Resource distortion is the idea of “80-20” – focusing 80% of your resources on 20% of your initiatives
- Resources to distort:
 - **Capital**
 - **Talent**
 - **Leadership Team Bandwidth**

Prioritizing Initiatives: 3M Framework

3

M
momentum
argins
ateriality



Chocolate at Kraft

MOMENTUM

- + Successful brands like Milka in Europe, Lacta in Brazil
- Absent in key developing markets; Chocolate is indulgence

MARGINS

- Mixed picture, but view that it could be improved

MATERIALITY

- Good growth potential in developing markets

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Create a Rallying Cry

- Create a compelling vision to align the organization
- Keep it simple and keep it consistent
- Use a “hook” – an acronym, picture or number that people can “hang their hats on”.
- Launch the vision with a bang through high-profile events to inspire the team

Paint The
World

yellow

With
Lipton



From here ...



& here...



...to here!





Brazil



France



Japan



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Constraints on People and Performance

- Budgets and resources
- Blurred accountability
- Unclear priorities
- Misaligned incentives



Introducing the Blank Check

Pay to the
order of:

Blank Check

Date: Today

\$

You write in the amount you need!

Dollars

Memo

Sanjay Khosla

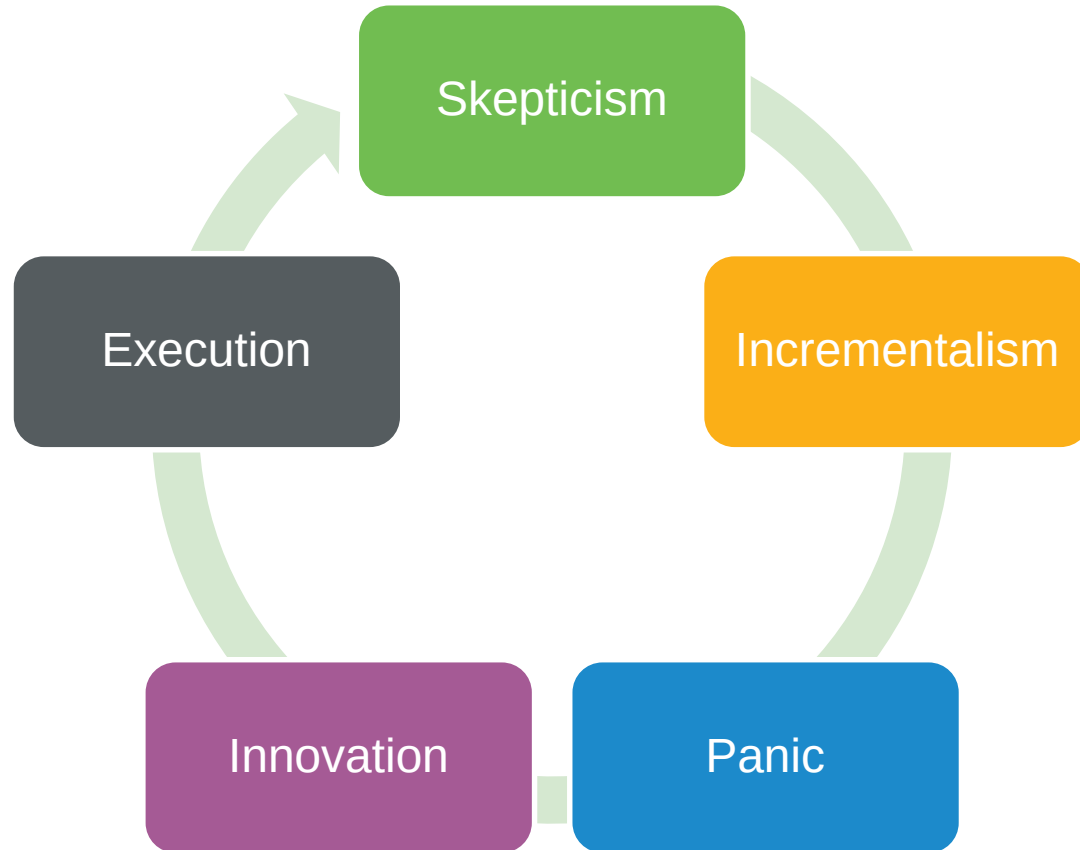
The Logic of Blank Checks

- Liberate high potential people from constraints and unleash their creativity and entrepreneurial spirit
- Give selected small teams “impossible” goals with “infinite” resources within a short time frame
- Give complete “freedom within a framework”
- Let teams own the process and monitor outcomes
- Get out of the way but hold teams accountable

Steps in the Blank Check Process

- Pick the best bets using the 3M Framework
- Select high potential leaders and assemble the team
- Define quantifiable goals and plans
- Create a short business proposal including \$ ask
- Kick off the initiative with the grant of the check
- Monitor milestones and adapt

Team Behavior in a Blank Check Initiative



The Kraft logo is centered on the left side of the image. It consists of the word "Kraft" in a bold, dark blue, sans-serif font. The text is enclosed within a white oval with a thick red border. The background for the left half of the image is a stylized American flag, featuring vertical red and white stripes on the left and a blue field with white stars on the right.

Kraft

The Cadbury logo is centered on the right side of the image. It features the word "Cadbury" in a white, elegant, cursive script. The text is set against a dark purple, oval-shaped background that has a slight 3D effect with highlights and shadows. The background for the right half of the image is a stylized Union Jack, with red, white, and blue diagonal stripes forming the characteristic cross pattern.

Cadbury



Cadbury India Context

40 years

to grow to

\$400 MM

Pillars of Cadbury's Blank Check Project



Cadbury: Walk and Talk Like a Leader

- Reframe market definition
- Cover entire sweet market including traditional offerings

Broadening the positioning for chocolate

Sweet beginnings



Cultural insight of starting all things auspicious with a sweet – to build consumption frequency

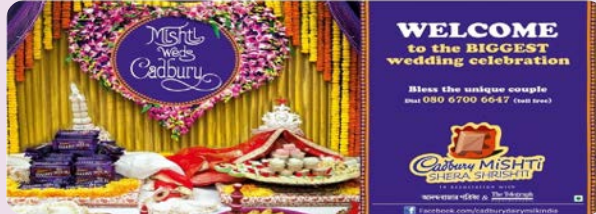
Post-meal dessert



Cultural insight of finishing meals with a sweet – to drive in-home stocking

Ramping up Marketing Spend

Regional Activation



Build relevance for CDM in sweet eating occasions – use it to make traditional sweets

Impact Associations



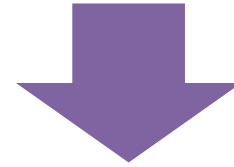
Build salience & engagement of proposition through association with socio-cultural properties



Visicoolers

2009

20,000



2010

40,000

Tapping into new segments

Premium/High end consumption patterns across categories



Launch of Cadbury Dairy Milk Silk

A significant market making initiative



Evolving Rural consumer with increased consumption appetite



Restage of Cadbury Perk

Distort consumption by offering value and permissibility



Cadbury

Results

Doubled India
business to \$800
million in 3
years!



Tips for Managing Blank Checks

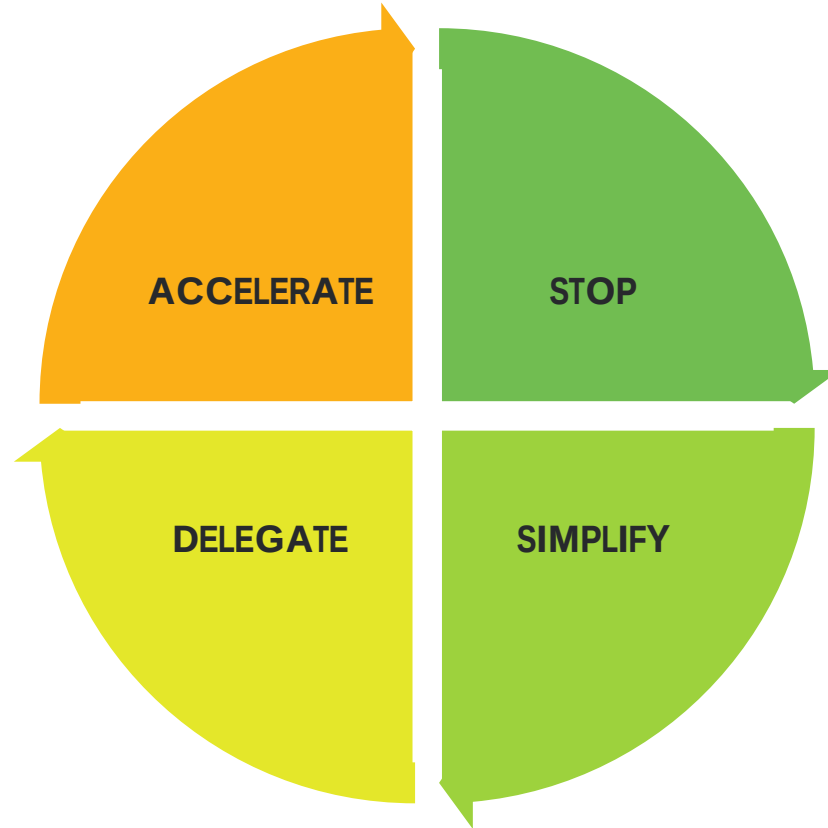
- Focus blank checks on corporate priorities
- Look for sustainable and profitable growth
- Innovate across the entire business
- Simplify products, processes and organization
- Don't overdo it
- Celebrate failures and move on
- Spread the word of success

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Principles of Effective Execution



Stop Doing Stuff: Just say NO!

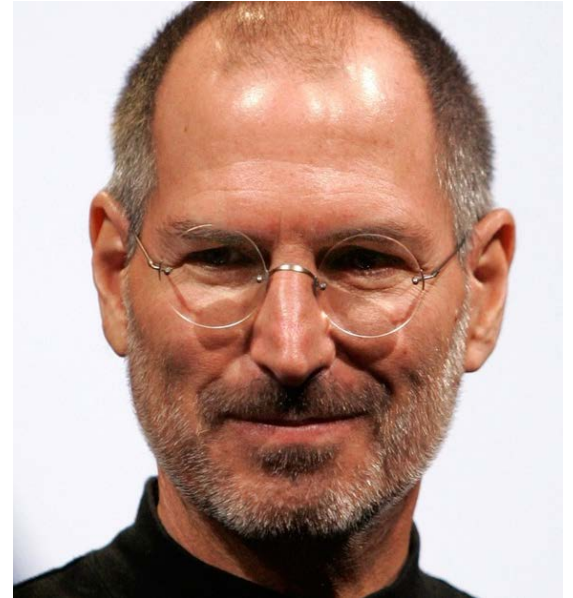
- Marginal initiatives
- Pet projects
- Non-core businesses
- Off-target customers
- Endless meetings
- Analysis paralysis



Steve Jobs on saying NO

"Focusing is about saying no"

Steve Jobs
WWDC '97



Simplification: Steve Jobs at Apple

- Reduced the product portfolio from 350 to 10 in 1998
- Removed the keyboard from a smartphone and replaced with a giant screen
- Eliminated code from the Snow Leopard operating system to make it more stable and reliable
- Features just one product on the home page of the Apple web site
- Insisted on one button on the iPhone and one button on the mouse for the Macintosh

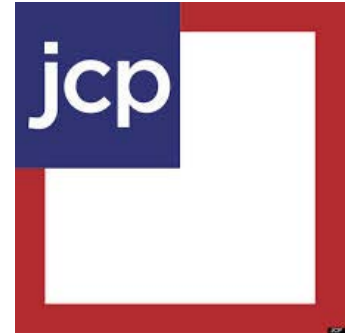
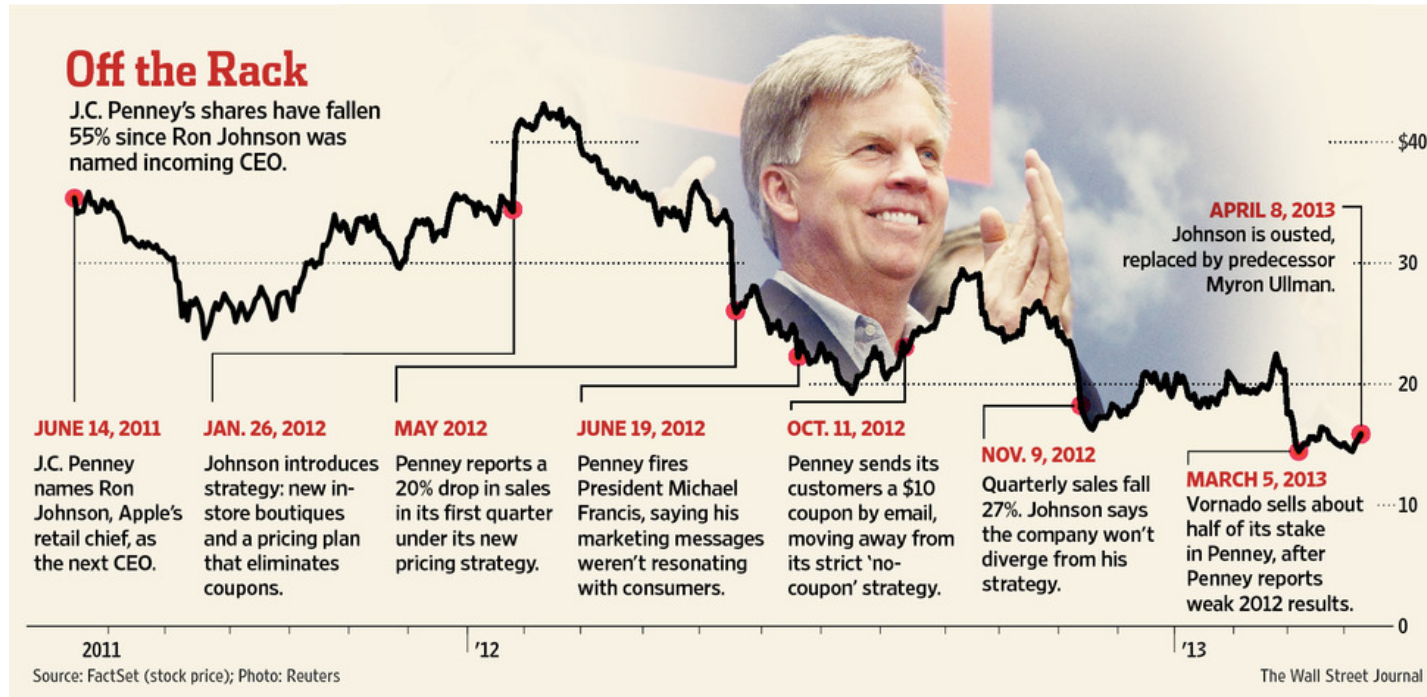
Clarifying and Delegating

- Ensure clarity about “who will do what” so that there is no ambiguity about roles and responsibilities.
- Move decision-making closer to customers and consumers
- Centralize decisions that demand scale but decentralize decisions that demand intimacy
- Create a strong bias for action over analysis
- Reduce internal meetings and documents

Create a Culture of Experimentation

- Think big, Start small, Scale fast
- Get things approximately right and move on
- Adjust and adapt constantly based on feedback
- Always be testing to design and designing to test
- Promote risk taking and celebrate failures

The Dangers of Not Testing Strategy



“We didn’t do testing at Apple”

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Thank You!