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The Revenue Side / a CFO Perspective

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There are only two levers that can be used to increase profits.

(1) Reduce expenses or (2) Increase sales revenues.

Traditionally CFO's have focused on the expense lever, often doing so in response to margin pressure brought about by lagging sales revenues.

Half the Story

CFO's and corporate controllers have taken strong positive action; setting priorities, improving efficiency and justifying every business expense, function and project. Financial executives in the manufacturing sector found new ways to source raw materials and reorganize the supply chain. Service industry financial executives have found economies in communication, information technology and organization redesign. The results have been impressive. By optimizing operational expense, financial officers have been able to maintain margins despite increasing costs, competitive pressure and a rapidly changing marketplace... But, **controlling expenses is only half the story.**

The Other Half of the Story

Efficient revenue generation is the other critically important half. Every bit as important as optimizing expenses, is the essential process of capturing revenue in the first place. The good news is that selling processes are just as responsive to rigor, discipline and measurement as the expense side has proven to be. Perhaps it is now time to apply a CFO's perspective to revenue generation.

CFO Perspective

Financial executives know that wholesale cutting of operating budgets often does more harm than good, but that careful evaluation of the strengths and weaknesses of each business operation offers opportunity to improve efficiency, weed out waste and save precious operating resources. That axiom is even more pronounced on the revenue side.

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In today's challenging marketplace, most selling strategies, tactics and tools are carry-overs from the last century and are simply not keeping up. In an expanding market the resulting slippage was often hard to see from the inside and even harder to measure. Over the past year, however, many senior executives have realized their top-line is under increasing pressure from external market forces but few have effectively dealt with this destabilizing weakness.

New Ground Rules

The pace of change, better informed customers and rising expenses have altered the face of selling and redefined what must be improved for the selling process to become more efficient and effective. Several important trends have emerged.

- Corrective actions are in direct response to market conditions and have real-time effect on sales and marketing practices
- Results are quick and the payback measurable
- Initiatives are fast, smaller scaled steps that are less disruptive, lower risk and can readily become building blocks in a larger performance improvement strategy
- Perhaps the most important trend...senior executives are actively involved

Selling efficiency can be improved in just two major areas: (1) Improve existing demand and selling processes, (2) Create new demand.

Existing Demand

The priority response is to manage existing demand and improve current sales practices to achieve measurable near-term improvement in both sales volume and margin.

- Establish objective perspective of selling operations ranked against best-of-class performers
- Focus on performance gaps that will produce the fastest payback
- Establish ongoing support and coaching to achieve clearly defined performance milestones
- Relentlessly refine and improve the process and track results

Creating New Demand

Once existing sales process are on the mend, creating the new demand essential to long-term growth offers the greatest long-term payback. Effective demand creation relies on careful alignment of daily tactics with longer-term strategic marketing, competitive positioning and sales objectives.

- Align marketing conditioning, branding and communication with the selling processes
- Align longer term strategies with customer knowledge from current selling operations

- Align product and service development with emerging customer needs
- Align market conditioning with competitive positioning and business growth objectives

Global Results

This approach is simple and direct. Initial action is fast and low-risk. Results are quick and measurable. These strategies are now providing strong, measurable success for leading international companies including; global technology and manufacturing, international financial services and the world's largest transport and logistics firm.

Absolute Certainty

In an increasingly uncertain marketplace, one thing is absolutely certain: not taking action to improve revenue generation is no longer an option. By being involved in the process, the financial executive can play a pivotal role in the success.

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Growth Ideas purpose is to inform, disturb, offer alternative perspectives, champion cooperation and encourage innovation in revenue growth. Your ideas and perspectives are welcomed and encouraged.

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