

A GUIDEBOOK FOR STARTUPS AND
SMEs TO ACQUIRE AND GROW
BUSINESS (B2B) CUSTOMERS

LISTEN INNOVATE GROW

MICHAEL HAYNES & GARRETH CHANDLER

INTRODUCTION

Ryan Steyn started Empower Construction as a sole trader, supplying and installing external cladding for home builders. He had high aspirations for the business, and knew the numbers he needed to achieve those goals:

1. \$1 million in revenue
2. \$1 million in profits
3. Building to a ten-year target of \$100m in revenue, \$10m in profits.

Like many other SMEs, Empower is good at what it does. Within three years of operation, Empower Construction established itself as a leader in the residential cladding space.

And that's when Ryan was confronted with the dilemma every successful SME owner faces when their business is going well:

How do you manage the growth needed to meet your financial targets without jeopardizing the ongoing viability of your business?

By taking a planned and structured approach to listening and engaging with Empower's customers, Ryan and his team saw the opportunity to expand Empower's offering to include rendering and painting.

The growth from these activities allowed the company to expand its operations and undertake new initiatives, including a more sophisticated marketing strategy that led to further growth.

As a result, Empower Construction has grown to more than 150 staff 11 years. It has received numerous accolades, and in 2017 Ryan was named the Optus Young Business Leader of the Year.

Best of all, the business is well on its way to achieving its ambitious ten-year target.

Why Business to Business (B2B) is the place to be

The B2B space is one that many SMEs are wary of playing in, as they may have previously struggled to:

- acquire and retain business customers (and so found it difficult to get off the ground)
- be profitable
- manage growth.

These challenges often result in SME owners and managers seeing B2B markets as ‘too difficult’ and ‘not worth pursuing.’

And that’s a shame, because once you understand B2B markets and their key characteristics, you will see there are significant advantages to playing in that space.

Advantage 1: A smaller battlefield

Unlike consumer markets (B2C), there are fewer competitors in the B2B space. This makes it much easier to understand the strengths and weaknesses of each one. You can then:

- exploit their weaknesses, and gaps in their offerings
- use your company’s strengths and capabilities to differentiate and compete more effectively.

And it’s often easier to have your company’s message stand out and be heard in B2B than in B2C.

Advantage 2: Business customers tend to be loyal and ‘sticky’

Once a business customer finds a product or service provider that meets their needs, they usually become very loyal. This can be attributed to factors including:

- The need to purchase the product or service in large quantities, making it difficult and/or impractical to change providers frequently
- The product or service serving a specific and important purposes such as:
 - an input to production
 - meeting strategic objectives
 - ensuring the efficient operations of a business
 - resolving a specific problem.

That's why there's a mindset among business buyers to 'stick with who you know and what works.'

If you can meet your business customers' needs, they'll more than likely:

- Buy a large portion of the product or service from you (if not exclusively from you)
- Engage in long-term relationships and contracts with you, giving your company a constant and predictable revenue stream.

Why It's great to be an SME in B2B

The corporate world is increasingly recognizing the benefits of working with, and sourcing from, startups and SMEs including:

- Products and services better tailored to customer needs
- Higher levels of support
- Willingness to co-innovate
- Lower costs (often by using several smaller suppliers that want to retain control and are hungry for their business).

SMEs typically go above and beyond to meet their customers' needs. And their service level requirements often produce better quality outcomes at lower cost.

Why we're passionate about this topic

In short, Garreth and I (Michael) are both SME owners servicing the B2B market.

Garreth is the founder and Managing Director of two successful SME businesses based in Australia. He has grown these companies from two-person operations to having more than 50 staff servicing clients in the UK and the US.

I've been working as an independent consultant specializing in B2B customer and marketing strategy for 12 years. I've also attended leading executive education programs and B2B conferences to learn and stay on top of leading-edge approaches to building and growing B2B businesses.

Garreth and I have helped SMEs in countries including Australia, Canada and the United States grow and improve their business performance. We've worked with SMEs of all sizes—from sole trader (one-person) operations to SMEs with 250 staff across a variety of industries ranging from human resources and law to IT and trailer repair.

In working with these companies, we've realized there's a lack of resources catering specifically to the start-up and SME tribe. Resources that provide clear and practical approaches for our tribe members to succeed in the world of B2B—one we believe presents enormous opportunities for startups and SMEs.

So *Listen, Innovate, Grow* has been written by us, for us.

Is this book for you?

Listen, Innovate, Grow is for people who are:

- Contemplating setting up a business that will operate in B2B markets (either partially or exclusively), and want to know how to achieve their growth ambitions
- Currently operating in B2B, and struggling to realize their growth ambitions

- In a growing B2B business and struggling to grow their business despite the market opportunities available.

This book is for anyone responsible for driving growth in their business such as:

- Founders and owners of startups and SMEs
- People in key leadership/strategic roles such as CEO, Managing Director and Head of Marketing/Strategy/Sales.

A new framework for SME B2B success

The key to unlocking your opportunities is knowing the dynamics of B2B and using a structured and strategic approach to achieve growth.

So we developed the **Listen, Innovate, Grow** B2B framework.

- **Listen** means getting an in-depth understanding of:
 - Your vision and goals
 - Your company
 - The market
 - Your customers (and prospects).
- **Innovate** means the various ways SMEs can identify, prioritize and improve their business operations, products, services and marketing.
- **Grow** refers to how SMEs can proactively expand their operations, and manage their financials, people and company culture to sustain successful growth over the longer term.

This framework was developed from:

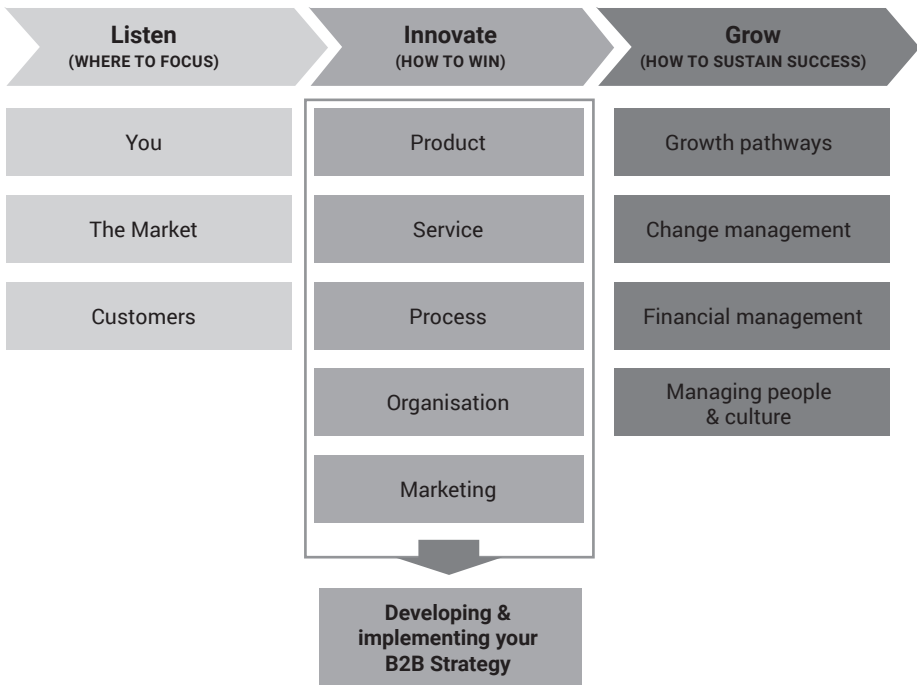
- Our two decades of experience working with a range of B2B companies and observing and recognizing the challenges growing companies face.
- In-depth interviews with business owners and managers of SMEs

- Curating the best studies, papers and approaches developed to help people.

By reading this book, you'll learn how listening, innovating and growing has allowed companies such as Empower Construction to overcome challenges and capitalize on the opportunities in B2B markets to achieve sustained growth and success.

How this book will work

Our book is structured around the Listen, Innovate, Grow (LIG) B2B Framework.



The Listen, Innovate, Grow (LIG) B2B Framework

First, we'll show you who you should **listen** to when operating in B2B markets, and how to listen so you can plan the way forward for your company's growth.

Next, we'll teach you the four types of **innovation**, how to identify innovation opportunities, and how they can be applied in a SME B2B context.

Next, we'll discuss how to plan, implement and measure the success of your innovation endeavors.

And finally, we'll show you how to manage **growth** effectively.

At the end of each chapter we'll give you action items you can take on immediately as your business starts its growth journey.

And at the end of the book you'll find a series of case studies profiling startup and SME companies from a range of industries, with the owners discussing their growth journeys and how they've applied the concepts of Listen, Innovate, Grow (LIG).

As you work your way through the book, we suggest you refer to the LIG diagram periodically to see how each step fits within the overall LIG approach. You may even want to print out the LIG diagram and use it as a 'lens' to review your business as you apply the ideas, concepts and approaches.

We also encourage you to visit listeninnovategrow.com, where you'll find further insights along with tools, templates and checklists to help you in your growth plans.

Now get ready to Listen, Innovate and Grow.

CASE STUDIES

CASE STUDY 1

Connective

Who we spoke with

Mark Heron, Director

About the business

Connective is a provider of the Mortgage Origination platform based in Melbourne Australia. Connective entered the industry in 2003 with a new business model that was fairer to brokers and allowed them to keep more of their profit. Connective partners with brokers in open and transparent relationships. It collaborates with a wide variety of lenders, and operates in aggregation.

The Connective company journey

Connective started with three people in 2003 and now has more 100 employees. Connective has changed the face of mortgage broking in Australia and is now the leading mortgage broker in the country, with a large and growing base of brokers online.

How they applied the LIG framework

Book concept	What they did	Key learnings
Listen	<p>Developed close trusting relationships with brokers. Focused on the most successful brokers to see what they did well.</p> <p>Maintained close involvement with industry events and regulatory bodies.</p> <p>Had their IT team listen to customers continuously to guide product development.</p>	<p>Understand excellence and what sets apart your best customers. Align to what they need.</p> <p>Listen to multiple channels – the market, customers and industry partners.</p>
Innovate	<p>Developed a new contractual structure that was more equitable and appealing to mortgage brokers.</p> <p>Allowed mortgage brokers to treat trailing commissions as an asset to trade and deal.</p> <p>Developed cloud-based mortgage broking platform with strong focus on application programming interfaces (APIs).</p>	<p>Understanding how customers perceive value unlocks strategies to gain market share by increasing their value.</p> <p>Listen to customer feedback about your product, and use it to guide decisions about where to invest in it.</p> <p>Move first, and take calculated risks based on your own assessment of market needs. Listening to customers means giving them what they want and need, not doing what they say.</p>

Book concept	What they did	Key learnings
Grow	<p>Finance: Focused on a 4–5-year horizon, kept costs low, and retained capital in the business by not taking dividends for owners.</p> <p>People: Owners maintained their hands-on approach throughout the journey. Built a team around them to deliver to their goals.</p> <p>Marketing: Used networking and marketing to quickly gain scale and market share.</p> <p>Corporatised: Developed strong processes aligned to their size.</p>	<p>Keep a long-term focus and build capability to scale up.</p> <p>Get the right people on board with the same energy and belief as the founders.</p> <p>Invest in people and the support structures that enable their success in your business.</p>

What they found challenging

Getting the right people on board and retaining them.

Advice for other B2B SMEs

- Listen to understand customer needs, not just what they say.
- Be prepared to think beyond how things are now to how they should be.
- Always hire the best available person, even if it costs more.
- Develop a strong onboarding process.
- Act swiftly and decisively if you don't have the right team on board.

In their words

“Make sure that you can think and plan for the business success over sort of a 3–5–year journey, not just an initial 12 months.”

“...be more ‘Steve Jobs-ish’ for want of better terminology – where you need to look around and you need to find things that people don’t even know they need yet and how you can get that ahead of them to position the business.”

“Be better at determining the talented people and wherever possible spend a bit more money and hire a better person... we actually hired better people to hire better people too.”

“If you don’t corporatize your business you will struggle going from a small to medium size business because lots of i’s won’t be dotted and t’s crossed and all of a sudden you’ll have so many problems you know, it’s just not worth it.”

CASE STUDY 3

Ikabo

Who we spoke with

Cindy Lenferna De La Motte, Managing Director

About the business

Ikabo is a technology company that has a core product based on SaaS technology. The Ikabo Incubator leverages an online crowdsourcing platform to provide services related to innovation, customer and employee engagement, and strategic thinking

The Ikabo company journey

Ikabo started in September 2016, and Cindy has been the Managing Director since the company's inception. The team includes a Head of Innovation and a Head of Technology. All three have more than 15 years' experience working at large corporates and in B2B markets. As a result, Ikabo has adopted a very strategic approach in terms of building the business, product development and their go-to-market approach.

During the first six months of the company's inception, it was "all hands on deck" to develop their strategy, marketing and brand positioning, create a minimal viable product (MVP) and secure some initial foundation clients.

Since then the Ikabo team has been continually evolving its product and roadmap based on customer feedback and market trends, as well continuing

to build its customer base. Ikabo operates mainly in Australia, but is pursuing leads in New Zealand and the United Kingdom. It is working with large corporates, higher education institutions and government departments.

How they applied the LIG framework

Book concept	What they did	Key learnings
Listen	<p>Conducted 30 in-depth interviews to understand the needs, challenges and problems of potential customers and confirmed the strategy developed.</p> <p>Conducted extensive competitor reviews to understand current technical and user features to inform sales and marketing approach to find their USP.</p> <p>Regularly conducted “Strategic Customer Selling Meetings” to understand customer requirements, challenges and issues.</p> <p>Feedback was given back to the team in debrief sessions.</p>	<p>Ongoing listening is critical to identifying opportunities and having a customer-driven strategy.</p> <p>Obtain feedback from both the buyers and users within your customers and prospects.</p>

LISTEN INNOVATE GROW

Book concept	What they did	Key learnings
Listen cont.	<p>At the end of every client engagement, a review called the Customer Retrospective was conducted to ascertain what was learned, whether key success factors were met, and areas for improvement. Feedback was also incorporated into the market requirements document (see below) and product plans.</p> <p>The company created a Market Requirements Document—a “living document” with all market, competitor and customer information that is regularly updated and reviewed.</p>	
Innovate	<p>Product Innovation:</p> <p>Quarterly Product development meetings were conducted to review activities and feedback from previous three months as well as look forward for the next three, six and nine months.</p>	<p>Identified themselves as going through growth stages, and reviewed and changed their structure to maintain their organizational ability to grow in line with their revenue growth.</p>

Book concept	What they did	Key learnings
<p>Innovate cont.</p>	<p>Product changes were made due evolving needs of clients. (Ikabo products are built on widely available open source technologies.)</p> <p>Marketing Innovation: The team developed personas for key buying group members (DMs, Influencers and Change Agents) to understand the buyers' journey, objectives and challenges to develop targeted messages and use the appropriate communication channels.</p> <p>Ikabo transitioned from focusing on foundational activities (such as creating the website), collateral and product demos to content marketing activities such as hosting breakfast events and using LinkedIn to drive thought leadership and business success stories.</p>	<p>Identifying a change agent can be difficult, but is often critical to getting B2B buyers to buy.</p> <p>Need to transition to marketing activities to gain visibility, brand awareness and demonstrate expertise and thought leadership to "buyers" (ie. DMs, influencers and change agents).</p>

Book concept	What they did	Key learnings
<p>Grow</p>	<p>Ran the business very lean. Currently, the Managing Director is the primary person for all business development activities. (Little additional funds for inbound or lead generation activities.)</p> <p>Regarded people as their most important asset.</p> <p>Ikabo philosophy is to create a “culture of safety and learning” where all team members can contribute, discuss, debate and ask tough questions, and are encouraged to try new ideas to move business forward.</p>	<p>Need to have some budget for business development activities to find more opportunities and generate more referrals.</p>

Ambitions

- To build and grow a successful business that supports our clients to unlock the potential of their people to drive competitive advantage and increase productivity.
- To support our ecosystem and partners to be successful.
- To provide a dynamic and interesting workplace for my people to grow.

Challenges

- Limited funds inhibiting grand business development/marketing efforts.
- Identifying the change agent. They're not easy to identify, as it can be different (i.e. different title/function) every time
- Organizations don't really know that some of their engagement and innovation problems can be solved through Ikabo technology.

Advice

- Take a structured approach to develop and validate your strategy.
- Have some funds for marketing for lead generation activities.
- Become resourceful.
- Ask for help.
- Try new ways.

Personal journey

The MD, Cindy has grown a lot by overcoming challenges

“You really learn when you must do!”

In their words

“You need to experiment. The results will inspire you.”

“Be more open to saying ‘Yes’. Take a leap of faith.”

“Surround yourself with good people for inspiration and support and guidance.”