

PROACTIVE STRATEGY FOR LEVERAGING GROWTH

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The ultimate goal of a strategy is to promote the growth of the company. No organisation will survive long without maintaining long-term sustainable growth. Despite this importance, many companies seem to be satisfied with protecting their existing markets, aborting chances of growth in the name of an excessive reactive posture. The problem, however, is that reactive attitudes end up holding companies hostage to demands of clients and movements of the competition.

On the other hand, companies that act proactively and try to change marketing conditions to their benefit usually deliver better results relative to the average of the segment where they operate. Such companies have fine-tuned the balance between preserving the present and anticipating the future. They create new offers, change the dynamics of the industry and generate new consumption behaviours. In doing so, they protect themselves against the decline curve – common to every business – inaugurate new ways of growing and optimise performance.

Defense Strategies

Despite countless classifications and typologies, we believe that strategies, after all, may be divided into two distinct groups: defense strategies, aimed at reacting to changes in the environment, and proactive growth strategies, aimed at producing changes in the market. Defense strategies are typical of companies we call adjusted, that is, those that are capable of responding to both clients' and competition's dynamics. This is not a problem in itself, though. Reaction is often welcome and indispensable, as when it is necessary to react against direct competition from rival companies or to adapt to changes in the

pertinent legislation. The problem arises when reactive defense becomes the sole strategy of the company, changing strategic thinking into a mere exercise of adaptation. Just like chameleons, reactive companies create their strategies as bare reflections of colours in the environment. While this strategy may work well for some time, problems arise when a sudden change renders this mimesis innocuous. To protect a market that has no value anymore is suicidal. Think of Kodak's downfall. The company

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remained imprisoned in its supremacy over the market of analog photography. This is a typical example that markets may be protected only to a certain extent. There will certainly come a time when this strategy fails.

Proactive Strategies for Growth

Companies we call proactive try to anticipate change and to create new markets, instead of simply protecting their markets. They do that in three different ways: (1) acting on the offer, they look for new products and services, substantially modifying the sector's standard value proposition; (2) acting on the industry, the company attempts to change the sector's dynamics, influencing the supply chain, the distribution and even market regulations; (3) finally, acting on clients, it tries to unveil new consumption preferences and needs, so far hidden from consumers themselves.

The adoption of a proactive posture towards change and of a new vision with respect to growth does not come by decree. Capacities are required to accomplish that. In our book, *Proactive Companies: How to anticipate market changes*, we addressed these capacities according to four distinct pillars: (1) uncertainty management, (2) future-today management, (3) proactive

behaviour management and (4) proactive innovation management. The creation of a proactive culture involves the ability to deal with uncertainty, risks and eventual errors linked to more daring strategies. It also involves the creation of a proactive mindset, based on transformative leadership. Lastly, this proactive perspective must be supported by an innovation-friendly environment aimed at detecting and interpreting the weak signs of future.

The challenge is enormous, but results are always rewarding. Researches we have conducted clearly showed the market-share and profitability gains reaped by companies that were able to build market proactiveness strategies. In order to grow perennially and above the average, companies need to do more than simply react to the dynamics of markets.

