

Practical Experience Increasing Market Share Using PPH®

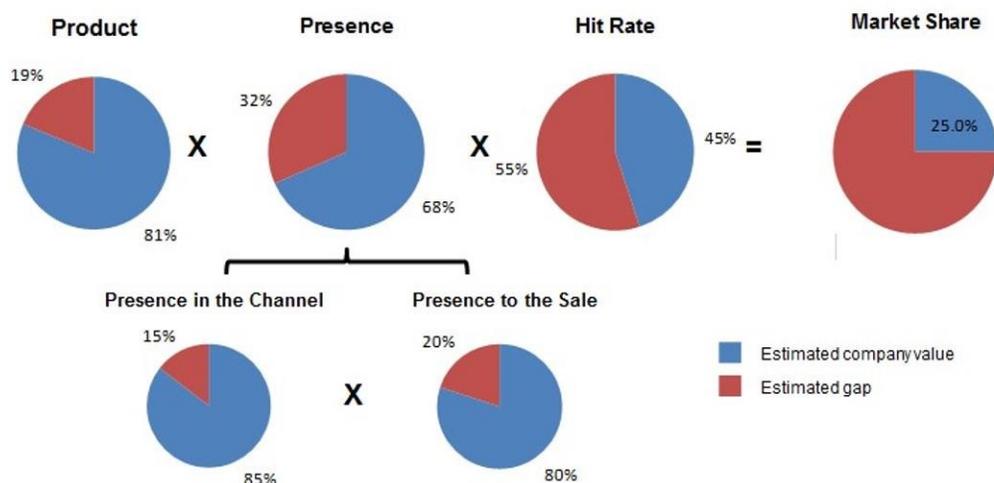
by Stephen Martin

Market Share is one of the most valuable measures for assessing the value of a company. In this one percentage, you can identify the success a company has had in capturing share of customer expenditure and the likely influence the company has on the shape of the overall market. If you combine this percentage with a growth rate, then you can also assess whether the company's competitive position is improving or declining.

The key to growing a successful business is to take actions that reduce any barriers that limit your market share. Frank Lynn & Associates' experience in developing market strategy identifies four major barriers to share growth:

1. Your sales process (or the sales process of your channels) requires improvement so that your HIT RATE increases and you win a higher percentage of the sales you see.
2. Your channel relationships need to improve, so your channels offer your brand more frequently and your PRESENCE TO THE SALE percentage increases.
3. Your coverage of the market through a range of channels needs to improve so your PRESENCE IN THE CHANNEL percentage increases.
4. Your range of products and services needs to increase so your PRODUCT COVERAGE percentage of the problems that customers will pay money to solve increases.

PPH® Formula



Each of these barriers to growth has a different, but clear, action required to overcome the specific weakness. However, applying the wrong action is a waste of time and resources, so Frank Lynn & Associates have developed an analytical framework that identifies share and barriers to share growth. The structure of this analysis has been covered in a previous article, [Market Share Management Using PPH®](#), and this article will address the practical considerations and outcomes of the process.

Frank Lynn & Associates' Experience

Recently, Frank Lynn & Associates have facilitated workshops with over 80 sales groups. Some of these have been conducted individually and some with groups of three or four sales teams working in the same room. Out of this body of activity, we have learnt that five factors contribute strongly to delivering a successful action plan for market share growth.

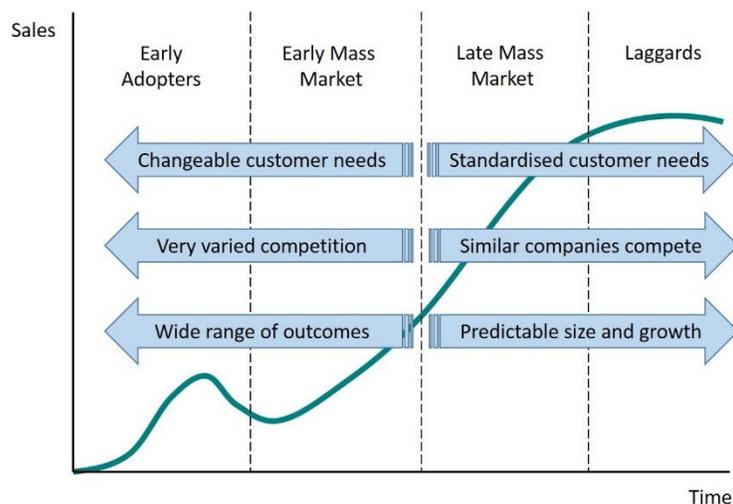
1. “Team +2” management involvement in workshop

Companies have complex chains of authority and often actions are blocked, unless there is senior management presence in the workshop. This presence shows that the process is valued and that actions agreed in the workshop will have the agreement of the company management. This can be further strengthened if there is a “reporting” process at the end of the workshop where the results and the actions are presented to an executive group. At a minimum, the workshop should be attended by the sales team + its leader + one level of management above. If it becomes clear that some actions require higher authority, then the plan must also be presented to these levels of authority.

“Because senior managers were in the room, it focused the whole group on the process and made us believe that the time was well spent”, Sales Team Leader, Healthcare Products

2. Setting appropriate expectations within the market context

Some markets are mature and customers and competitors are well understood, analysis is relatively easy, but action choices can be limited. On the other hand, new markets involve more estimation, assessment of non-equivalent competition and the possibility of large changes in customers, channels, and competitors – but also the possibility of a huge range of actions. Any analysis needs to have appropriate expectations so that the level of risk/predictability are allowed for in the action planning. This expectation setting is vital when senior management are nervous of change and demand a higher level of predictability in the forecasted outcomes than is possible in an immature market.



3. Controlling detail, avoiding “analysis paralysis” and having a bias for action

Analysis of a company’s growth opportunity requires a review of all of the expenditure choices that a potential customer can make, but this only needs to be directionally correct rather than definitively accurate. Because Frank Lynn & Associates have broken the process into manageable sections, this requires an understanding of competitor sales, market growth rates, sales win/hit rates by segment, etc. Small differences in these estimates make little difference to the actions required. Therefore, during the process, it is important to “control” the participants who have a desire to “add decimals to data” rather than commit to the actions. The workshop has not achieved its goals, unless the participants move on from analysis to discussing and agreeing on the actions required to create share growth.

“Engineers like decimals! But it was really worth remembering that that extra detail normally made no difference to the actions”, Product Manager, Automotive Manufacturing

4. Mixing contributions improves judgment and builds credibility

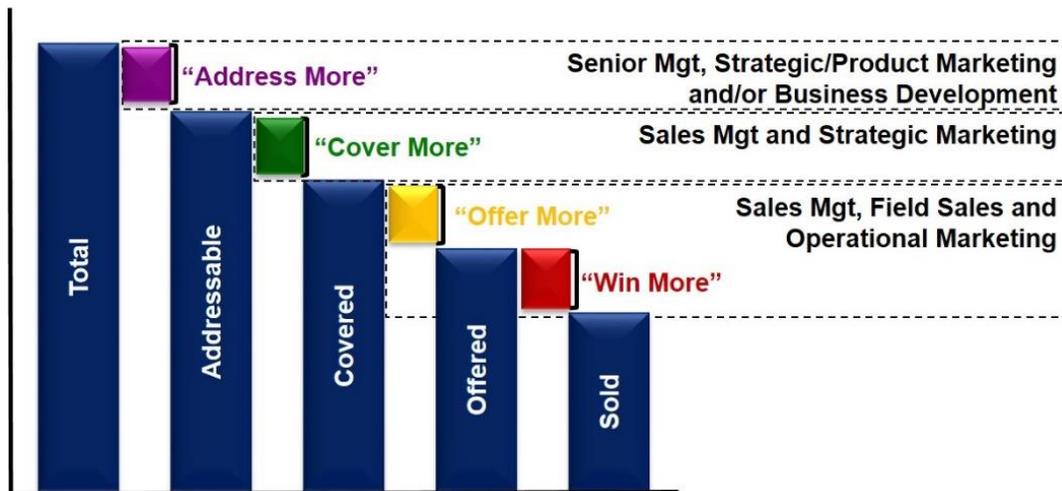
During our workshops, we have found that participants are seldom wrong, we depend upon and draw on their extensive experience of customers, competitors, and market conditions. However, we have often found that participants “over extend” and assume that what is true of their area of knowledge is true of the market as a whole. Mixing sales, marketing, product management, and finance skills within a workshop improves the overall judgment and produces better estimates of market opportunity.

As well as improving the collective judgment, mixing the participants improves the credibility of the analysis process, and therefore, the probability that the agreed actions will be committed to and delivered. Workshop preparation should involve the companies market data sources, and in some cases, additional research. This means that by the end of workshop the participants know that the analysis represents the best estimate that the company can make, based upon the most relevant experience and thus the actions agreed are worthwhile and credible.

“If you had handed me this analysis and told me what actions were required, then I would probably have argued; but now I have been through the process I believe the results and I know the actions will make a difference to my sales”, Senior Salesmen, Automotive Sector

5. Final, clearly identified but, collective accountability

It is very rare that a single individual has the authority to make the changes required for success. Even the most senior members of an organization depend upon the agreement of others to move forward. Therefore, many people must agree to support an agreed course of action and they need to collectively agree to the objective and individually commit to delivering the part of the action that they have the authority to control. Frank Lynn & Associates have found that this is best done by sharing the analysis process and outcome, showing that the actions are logical and describing the actions in sufficient detail that each person in management is able to understand and commit to their part.



As a consequence of the Frank Lynn & Associates experience, we are able to advise our clients how best to create credible, agreed, specific actions plans for growing their market share. Our workshop facilitation:

- Addresses management involvement
- Sets appropriate expectations
- Controls relevant detail
- Generates credibility
- Creates authority for action

It has helped companies in the US, EMEA, China, and APAC, in multiple industry sectors, build and deliver action plans for market share growth. If you are wrestling with growing your market share, then we would be pleased to share our experience with you and help you to achieve your objectives.

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