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Obsession with Sales Can Blind a Business

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An observer can always tell a sales-driven business by what its owner thinks and talks about the most. If his chief concerns are cost, price and profit, his is a sales-driven business, not a market-driven one.

Not that cost, price and profit aren't important to a market-driven business, but they're not the sole basis for the business decisions of a market-driven venture.

It boils down to the term "driven." To the degree that an entrepreneur is too focused on how much she makes and what it costs her, her thinking will be too limited to consider all the important things that really determine costs and profits — and the more limited her choice of alternatives and actions when the inevitable challenges arise.

To the degree an entrepreneur is limited in her business thinking, she's being driven by the business rather than leading it.

The Driver's Seat

A market-driven business orients all its energies and resources toward satisfying consumer needs and desires over the long term — not just for today.

When the market is the driver, methodology matters. Rather than hustling a product into stores to make a quick buck, a market-driven company wants sustainability in its customer base, and it invests the energy and planning into designing products and services that achieve that. A successful market-driven strategy yields long-term profitability.

When sales dominate an entrepreneur's perspective, short-term gains are the goal. The business invests all its resources in advertising its products and boosting sales so it can make the most amount of money in the shortest time. Long-term success is tougher for a sales-driven company because its vision is myopic.

Matter of Survival

To make sound business decisions that help it survive over the long term, a business needs to

understand what it wants to become and how it plans to get there. Vision and mission statements can clarify the focus, but that's just the beginning.

Besides mission statements, market-driven companies have strategic plans that help them anticipate events rather than just react to whatever life throws at them. An analysis that considers the strengths, weaknesses, opportunities and threats a business faces — the so-called SWOT analysis — empowers the business with knowledge and control.

A strategic plan should try to visualize the company three years down the road and draft a map for how to reach that destination.

Entrepreneurs who make decisions based on a far-sighted plan are leading rather than reacting; those who make decisions without a plan might not have a business in three years.

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