

Strategic Nerve: A Source of New Growth

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Repeating past revenue growth is not enough for many businesses. Early stage companies, those with products stalled well below their potential, companies with mature products, ones in tough economic times, those in highly competitive industries and many others require more. They need "new growth" - revenue growth that is significantly higher and more profitable than in the recent past.

Companies that achieve such growth invariably get there by tapping into their market's "Strategic Nerve." This is a term I coined a few years ago for a practice that has been followed by great business people for more than a century. It means to position or explain your product in a way that solves a pre-existing problem that most customers in your target market find frustrating.

Look to Bernie Marcus of The Home Depot (THD) as an example. Marcus and Arthur Blank founded THD based on the "big box" retailing model, lots of products in large stores. They called it "Stack it high and watch 'em fly." At one point, traffic was so sparse that Marcus gave away dollar bills in the stores. He lamented, "I can't even give money away." Then they discovered a Strategic Nerve that most prospective customers feared making home improvements because they lacked skills. Marcus's solution was what they called "the man in the aisle," specifically skilled craftsmen who provided advice customers needed. Then demand exploded beyond everyone's dreams. The same products in a big box that hadn't done well before now took off when a Strategic Nerve was touched.

Strategic Nerve is a new term, but the idea is timeless. Henry Ford knew first-hand how isolated farmers were. The Nerve for his inexpensive, reliable Model-T was affordable transportation for farmers so that they could get off the farm to shop, go to church, and socialize. Fred Smith of FedEx knew that many businesspeople depended on physical documents to complete a transaction. His Nerve was to get it there "absolutely, positively, overnight." IBM's "customer engineers" ensured successful implementations for IBM equipment when such investments were even more expensive and risky than today. Customers learned that "Nobody got fired for buying IBM." Pierre Omidyar of eBay has hooked over 88 million current, active users to make hundreds of millions of transactions a year by providing a way "practically anyone can buy and sell practically anything."

On the other hand, the corporate graveyard is littered with great products that meet consumers' genuine need better than the competition, but haven't found the Strategic Nerve. When Marcus and Blank stepped down, new management eliminated "the man in the aisle" along with other employee cutbacks. Many argue that this is when and why The Home Depot began to struggle.

New growth is critically important to many businesses. If you already have it, or if your past growth is sufficient, that's great news. If that's not your situation, the Strategic Nerve provides your customers the emotional impetus to buy from you and not your competitors, at a profit, now.

Thanks to Steve Hindman for sharing his thoughts on Strategic Nerve. He'll know whether this article has hit a strategic nerve with you based on your comments and questions. Feel free to reach out to Steve at steve@hindman.com.