



The importance of Balance

The cliché says that the world is not made up of black and white issues but shades of grey. As with most clichés there is an element of truth, a truth that one only truly accepts as you reach a certain stage of maturity. The saying is valid in all aspects of life but I have come to recognise that it is also extremely applicable in business. In business however, I would think that it is normally referred to as 'balance'.

Balance is best applied in all areas of business life but for the purpose of this post let's look at just three; budgeting, new markets and marketing.

Budgeting is probably more of an art than a science and having some years of experience behind you definitely helps. A budget is crucial to the short and mid-term growth of a business because it affects levels of investment, recruitment and marketing that will all impact on the potential for development. The issue of balance arises because the sales' target needs to be pitched just high enough to 'force the pace' and stretch people but without making the bar too high. Resources need to be brought into the organisation in advance of the growth in order to allow for it to happen but not too far in advance to overburden the company with fixed costs before momentum truly begins. Balance is also required when Management consider the pay structure for the sales' team. How to pitch salary against incentive-related pay? Get the balance wrong in favour of salary and the team may become complacent and lack focus but err in the other direction and you risk driving inappropriate behaviour such as high pressure sales' techniques.

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It is often tempting when searching for mechanisms to create sales' growth to stick pins in the map and expand to additional foreign markets. New markets do on the face of it offer fresh opportunity, an untapped resource but Management must realise the associated risks.

New sales will take time but new expense starts the first day you reach out to that new country. Most new markets will require early recruitment of local staff which can be risky because you are often unaware of local employment legislation. Moreover, remote management and new languages are significant challenges to any team. Quite often the result is that an analysis of profitability each year reinvents the 80:20 rule with the lion's share of benefit being generated by a minority of 'core' markets and with many of the newer additions trailing behind.

A balanced view would always be that investment in existing markets is more likely to generate a return than speculation in new ones. This is not to say that territory expansion is always a bad thing but that it is risky and should typically only play a minor part in any strategic growth plan.

Finally, how does balance apply to marketing? Here I am primarily thinking of the claims made in the campaign. Marketing should be a disciplined activity because ultimately the reputation of the company depends upon it. It is designed to promote to best effect the sale of the products or services offered by the company and so should by all means strive to put them in the best light. There is however a line of balance that all good companies recognise and respect. There is an irony that over time one comes to recognise – that your customers also know the line and will respect you for not overstepping it thereby enhancing your relationship with them and their loyalty to you – priceless!

There you have it, and at this stage I must recognise that there is also a balance to be struck with the length of an article and I may have just reached it.....

A J Low for Discussing Business Ltd, Jan 2016.

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