

# What to consider when expanding business models

How the agile CFO leverages agility  
and intelligence for success

## **Attention finance leaders:**

The economy is volatile, market disruptions are the norm, and customer expectations are always evolving. As a result, many organizations are responding with new business models and market offerings and finance leaders are driving the efforts.

But replacing old models and introducing new ones isn't something to be taken lightly. From the two-person startup to the Fortune 500 corporation, a strong, stable revenue stream is the foundation of business success.

Here are a few key considerations for finance leaders as they expand and manage new business models.

# Top Considerations For Success

## **There are several paths to growth.**

Revenue streams are no longer static. Consider the possibilities: For one, your company can introduce a completely new product or service to the market. You can also repackage an existing product or service to meet the needs of a new audience. You can even “product-ify” a service or “service-ify” a product, depending on customer needs.

Many companies have seen success by simply adjusting the manner in which their offerings are consumed. For example, a US-based digital agency, already had highperforming offerings; but after repeatedly receiving customer requests for “health checks,” they took the opportunity to go further by developing a diagnostic tool with a self-service consumption model streamlined for customers. It’s become a top-seller. Whether you grow through acquisition, innovation, or any means described here, it’s important to recognize that you have many paths to growth.

## **A single view of your data is your best friend.**

With so many different paths to growth, how do you decide which is most optimal? You could take a shot in the dark and see what sticks, but that’s risky and demands that you have the processes in place to rapidly course-correct as needed (see next point). But the most strategic way to find optimal growth points requires tapping into the wealth of data generated by your organization on a daily basis. By analyzing historical customer data, you can best develop insights that point you to your next best opportunities.

This requires that you have a single view into your data; not a series of disparate sources with contradicting, confusing data. As a bonus, having all the data in one place helps you make a decision about pursuing new business models, and also helps you execute on the plan to do so. Having cross-functional business data on one platform allows business leaders to expand into new geographies and support new legal entities more easily than ever, without disrupting the core business.

## **Agility is critical to your success.**

No matter which path you take to grow your business, it's imperative to remember that the business world is always on the move. And the needs of your customers are always in flux. What worked well yesterday may change tomorrow, so you need the people, processes, and technologies to adapt to change. Additionally, you need systems in place that give you a complete view of your customers so that you can make informed strategic decisions.

Finally, and just as important, is making agility core to the way you do business. After pursuing a new business model, you may find that you have to quickly adjust to make the new revenue stream profitable—or to double down on its success.

## **Know your customers.**

Every customer is important to your business, but at any point in time, you will have different relationships, opportunities, and challenges across your customer base. The highest performing businesses will be disciplined around revenue tracking, timely nurturing, and spotting market needs. With the right systems and processes in place, you can determine which customers are most profitable and then track leading indicators that may signal risk of attrition. The sooner you have this knowledge, the sooner you can act.

By the same token, you should be able to determine which customers are least profitable so that you can take action sooner than later. Perhaps it's simply a matter of changing the price structure, adjusting the delivery model, or even targeting a different market altogether. In any case, doubling down on recurring revenue models will provide more predictability and stability to get you through market ebbs and flows.

# Making it happen

The need for agility is endless and today's finance leaders are in the position to drive business change. But it will take the right mindset, insights, and systems to make it happen.

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