

Marketing & Sales Practice

Are you a growth leader? The seven beliefs and behaviors that growth leaders share

A new survey highlights what separates growth leaders from the pack.

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What makes someone a growth leader? In conversations we've had with business leaders, the answer tends to boil down to a variation of "I know it when I see it." But it turns out that there is a specific set of attributes that growth leaders share.

After carrying out a survey of 165 C-suite executives and senior vice presidents with growth responsibilities and conducting in-depth interviews with 20 executives, we found that growth leaders¹ have seven specific beliefs and behaviors.

Furthermore, our research shows that executives who adopt more than 70 percent of these mind-sets manage to grow their top line twice as fast as their peers. We've boiled down these beliefs and behaviors to seven statements that reflect the convictions of today's growth leaders.

1. I am all in.

Always put growth first. Growth leaders put growth at the top of every agenda, from board meetings to performance reviews. As the president of a global consumer goods company put it, "Growth is priority number one, two, and three." This disciplined focus on growth is reflected in a profound belief that "growth is everywhere" and opportunities to outgrow peers can be found in every industry.

That mind-set is supported by our research. From other McKinsey analysis, our findings show that there is a growth-capability gap of 20 to 46 percentage points between top and bottom performers.² This indicates that growth is possible in any industry when growth leaders back up their faith with committed action.

Growth leaders also demonstrate this kind of commitment by constantly scouring for funds to invest in growth. They have a clear vision of where

every incremental dollar they find should be invested, and they actively manage that allocation by helping those affected (shareholders, owners) understand why.

Keep raising the bar. No matter how ambitious growth targets are, the legacy business will revert to business as usual unless constantly challenged to be more aspirational. Growth leaders do this by setting targets that seem *almost* impossible to reach, forcing teams to strive for greater impact. The CMO at one tech company told us that the CEO set growth targets at three times the market rate, adding, "We exceeded two-and-a-half times market growth. We were rewarded for pushing hard and not hurt if we failed."

Unite the business around growth. Growth leaders make growth the central focus of everyone in the business by creating a common belief and language. For example, they cocreate growth goals and metrics with their leadership teams and then help translate them into metrics for every individual at every level. Establishing this kind of shared and cocreated language binds employees together to think about how they can contribute to top-line growth. One technology-company leader created a single set of growth targets that tied directly to the incentives of 250 managers across the business: "Whether you're in legal, marketing, sales, or service, you're bound by the same aspirations."

Growth leaders are:

50% more likely to treat growth as the *first or second item on the agenda* when speaking to the board

¹ For the purposes of our research, we defined growth leaders as executives of companies that achieved a compound annual growth rate more than 4 percent higher than their peers, coupled with higher profit margins. Respondents came from both North America and the European Union, and occasionally there were regional variations in their methodology.

² Kabir Ahuja, Abhinav Goel, and Kate Siegel, "Debunking four myths of organic growth," May 2019, McKinsey.com.

2. I am willing to fail.

Make plenty of bets. Growth leaders make more growth bets than their peers. They create a portfolio of initiatives, protecting the necessary resources and funding. In fact, growth leaders in Europe are 70 percent more likely to make multiple growth bets rather than just a couple. By managing a scaled portfolio of growth bets, they improve their probabilities of success while diversifying risk. A former tech-company board member explained, “Winning big has such huge rewards that it’s more important than how often you lose.”

Back the risk takers. Effective leaders have always been good at delegating, but growth leaders go a step further by instilling a culture that empowers people to make decisions. Some 40 percent of growth leaders in North America, for example, are more likely to be comfortable with middle managers and frontline employees making important decisions.

Growth leaders set clear and ambitious goals (#1) and communicate progress effectively to the business (#6), but then they step out of the way so that people in the business can iterate on solutions to deliver on the growth aspirations. That starts by encouraging risk taking even at the smallest level and celebrating rather than punishing people for trying. As a former CMO of a technology company put it, “If you want people to lead your business into growth, things *will* go wrong. Having support helps people become risk takers.” EU growth leaders are 40 percent more likely to have explicit incentives to reward risk taking in their teams.

Growth leaders are:

70%

more likely to make multiple long-term growth bets rather than just a few (in the European Union)

70%

more likely to protect or set aside money in the budget to fund growth initiatives, teams, and capabilities (in North America)

3. I know my customer as a person, not as a data point.

Take the customer’s side. Most business leaders believe they put the customer first. But the truth is that the pressures of leading a large business—shareholder relations, risk management, and so on—mean that the customer too often becomes an afterthought. Growth leaders are resolute, however, in putting the customer at the center of all their decisions. An executive at a global apparel brand admitted, “Whenever I’m in meetings and being presented with options to decide on, my first question is, ‘What’s in it for the customer?’ ”

Make it personal. Many of the best companies have strong customer-insights organizations. Customer insights and analytics are crucial to supporting growth. But growth leaders go the extra mile by embracing design thinking and taking the time to build empathy with the customer. As the executive at a manufacturing company, who spent a whole day shadowing one customer, put it: “I followed this customer from 6:30 in the morning until he went home at the end of the day. That gave me so much insight into what he needed, what his fears were, and what we could do as a company.”

Growth leaders are:

70%

more likely to build an understanding of customers’ needs through formal and informal methods (ethnography, surveys, in-store visits, etc)

50%

more likely to build an organization that puts the customer first (in North America)

4. I favor action over perfection.

Put yourself on the line. Growth decisions can make or break a career. Growth leaders aren't afraid to take that risk. That can mean trading short-term gains for long-term benefit or making large resource-reallocation decisions. But they understand that that's what's needed for growth, and they role-model the behavior they want others to adopt.

When the managing director of a transport company lowered prices to increase its number of passengers by 20 percent in a declining market, this director accepted the need for bold moves: "Growth is worth the risk." Whenever a new-customer offer was planned, the pricing team would work out how much value was at risk and put it in a document. The director would then sign it, making a public declaration to take on this risk personally.

Act on "good enough" insights. Good data are crucial for good decisions, but growth leaders value speed over perfect insights. They don't wait for perfect data. Instead, they use the data they have to make a thoughtful decision, pursue it vigorously, and then reevaluate based on results. As one growth leader from a tech company explained, "Always look for opportunities around you, and be willing to jump."

Face the facts. When the facts are clear that a business or product is underperforming, growth leaders are decisive in killing them off. Continually allocating resources to proven growth options or new initiatives that promise a better return on investment is a crucial leadership discipline, even if it means saying goodbye to beloved brands or products. The leader at one fast-moving consumer-goods (FMCG) company instituted a process that labeled any service or product that wasn't yielding growth a "zombie." Leadership sent business units a quarterly hit list that helped the company eliminate 700 zombies within a year.

Growth leaders are:

70%

more likely to prioritize speed over perfection (in North America)

5. I fight for growth.

Avoid short-termism. Leaders face huge pressures to deliver results in the short term. While growth leaders understand that reality, they don't sacrifice long-term growth. To help guard against those pressures, they make deliberate resource-allocation decisions that position the business for future growth. As the CMO of a telecom company put it, "I assign 50 percent of resources to the first year, 30 percent to the second year, and 20 percent to year three. That means you don't keep falling off a cliff at the end of every year, and you build sustainable growth."

Growth leaders are also vigilant in keeping the organization from clawing back those resources, as so often happens. Among leaders in North America, 70 percent are more likely than their peers to protect or set aside money in the budget to fund growth initiatives, teams, and capabilities.

Break down internal barriers. Growth is a team sport, but functional leaders often jealously guard their turf, which undermines many promising initiatives. Growth leaders actively seek out the conflicts and eliminate them. They break down silos, diffuse turf battles, and provide support for strained resources to clear the path for their teams to deliver.

The leader at a global beverages company, for example, created a central growth office to merge marketing, customer insights, and commercial groups into one unit with a clear mandate—and shared accountability—for growth. This move helped eliminate the functional silos that were impeding progress.

Growth leaders are:

60%

more likely to have a clear *multiyear mandate* to pursue growth initiatives, coupled with the *autonomy* to do so without having to show short-term results

6. I have a growth story I tell all the time.

Infuse the business with purpose. Growth leaders know that purpose is power and that communication is about more than the *what* of growth; it's the *why*. Articulating a purpose that goes beyond brands, categories, and businesses is an effective way that growth leaders rally the whole organization. Growth leaders in the European Union are, for example, 70 percent more likely to ensure that every employee understands the growth strategy and what it means for them. Says the CMO of a major consumer company: "Everybody needs purpose. Employees thrive on it, society expects it, and it delivers growth."

Communicate, communicate, communicate. While business leaders understand the need to communicate, they tend to underestimate its importance. Not so, growth leaders. They communicate clearly, creatively, and consistently. Growth leaders in the European Union, for example, are 80 percent more likely than their peers to communicate growth successes often.

They also go beyond the usual channels (progress updates, newsletters, town halls, and the like) and develop a comprehensive communications plan targeting all stakeholders. They often, for example, tell their story to the outside world in order to motivate employees, shape investor perceptions, and convey their aspirations to customers. The managing director of one consumer-facing company told us, "Use the media to communicate wins, results, and innovation. Make it real for all your stakeholders as often as possible."

Growth leaders are:

80% more likely to communicate growth successes often (in the European Union)

70% more likely to ensure that every employee understands the growth strategy and what it means for them (in the European Union)

7. I give control to others.

Build up people's growth muscles. Growth leaders invest more time in formal and informal training for growth, covering not just functional and leadership capabilities but also mind-sets. At one global beverages company, training for marketing and sales associates includes elements on exponential thinking (working toward *tenfold* improvements rather than 10 percent) and using network effects to boost growth (engaging stakeholders and ecosystems to boost a product launch or a marketing campaign).

Give power to the front line. Encouraging people to make decisions and take risks without providing them with a structure for doing so is only half the battle. Growth leaders are explicit in giving people decision rights. The owner of a European digital company ensures that key decisions are made not by senior management but by the business-unit leaders who know the customers and products best. But those leaders have to work together across functions. As the chief growth officer of a leading consumer-packaged-goods company put it: "Product, engineering, and sales take decisions jointly, so you don't have fingers pointing at each other."

Go outside to get what's needed. Growth leaders aren't afraid to close gaps in their own business models or capabilities through partnerships or joint ventures with other businesses. A travel company wanted to expand its low-cost bus business but realized it was too small to compete at scale with larger companies. To acquire sufficient scale at speed, it partnered with a ride-sharing platform to offer a door-to-door long-distance service that combined rail, bus, and car transport in one convenient package.

Growth leaders are:

40% more likely to have explicit incentives to reward risk taking in their teams (in the European Union)

Growth is a journey that requires the entire business to constantly adjust, optimize, and

execute, but it starts at the top. Only when the CEO, C-suite, and business-unit leaders have the right mind-set can leaders hope to drive growth across the business.

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