

Playing offense: What it takes to drive growth

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In this interview, McKinsey senior partner Liz Hilton Segel speaks with Comcast Cable CEO Neil Smit about what organic growth means and how a business drives it. The following is an edited version of their conversation.

How do you build a mind-set for growth?

First is getting alignment of the whole organization on the subject of growth and getting the whole organization aligned around that agenda. They have to believe it and live it and breathe it. The second is innovation. Innovation can happen anywhere in the business. Getting people into an innovative mode picks up the pace of the business and changes things that need to be changed. And finally, it's just play offense all the time. It's a lot more fun than defense. It's a way of life. You get more externally focused when you play offense.

There are tricks of the trade, too. For example, I look at a ton of data every day, and I'll drill down into parts of it and look for abnormalities or variances. Then I generally like to pick up the phone to two or three levels down to ask them what's going on and why their number is different from everyone else's. It gets people's attention.

How have you used the three dimensions of growth: Investor, Creator, Performer?

The Investor is always looking at what else can I do with what I have? So when I came in, one of the first things I told my boss was, "We need to invest more in HSD [high-speed data]. It's a high-margin product. We're underpenetrated. That's the product we have to drive the hardest." We'd done over a million subscriptions a year for ten years, so it was crying out for investment. We've got the new routers coming out that are the fastest in the world. And we've got better Wi-Fi and better software managing the network. So we invested a lot in broadband.

As a Creator, we created the X1 voice remote, which enables you to get to your content quicker. You don't have to go through various screens, you just speak into it, either thematically or by

actor, title, or genre. We've got ten million of these devices out now and have seen 250 million voice commands a month. It's a great product.

In terms of Performance, my personal favorite, we're driving the online channel. When I got here it was growing 3 to 4 percent. It's now pushing 20 percent. It's the most efficient, lowest-churn channel. We also looked at the stores, and the stores were just payment centers. We weren't doing any sales through them. So we converted 180 stores in the last couple of years, and their sales are up 20 percent year over year.

How do you balance your various approaches to growth?

Comcast has 23 million subscribers. There's a lot you can do with 23 million subscribers. You can sell them more products and tailor your marketing. We built a big data area that helps us figure out how to better target our customers for sales, retention, and customer service. So we built upon the capabilities that we had.

At the same time, you have to place new bets. It's always important to have three to five new bets in motion, because they take time to develop. You've got to build the new growth opportunities and the next billion-dollar businesses.

The performance side of it is about continuously monitoring performance, especially on the sales and marketing side. You have to be measuring and quantifying. I think a lot of times my job is knowing when to push and pull the right growth levers.

How did you help the business prioritize growth?

In our budget reviews with the divisions, my standard question has become, "Can't you take more money out of admin and put it into marketing?" Or "Where else can we find money to put into marketing?"

Because we have to grow the top line. A healthy business is growing the top line. You have to get the machine working in a big subscription business. You have to keep the flywheel turning because if it's not turning, it's hard to get started again. Expenses are easy. If you're getting top-line growth, you're buying time to look at expenses. It's not a question of if you're going to grow the business. It's just a question of how.

How has your focus on growth changed the way the business runs?

I think we've become much more of a product and technology company. We've changed teams around quite a bit to make them more nimble, adopting agile methods and

development and DevOps. We build products, test them, and launch them much more frequently. I think last year we launched 40-some products. The previous years we launched three to four. Doing this required us to get everything up in the cloud, so we had to put the infrastructure in place.

Number two is that churn and retention were not in the vocabulary seven or eight years ago. Now they're part of everyone's vocabulary. Everyone thinks in terms of connecting customers and churn; they understand that they're inextricably linked.

How do you keep your 'growth machine' running?

I hate small sounds in machines. It means that something's not operating right. So I walk around every morning and talk to every one of my directs to make sure we're connecting the dots and the machine is tuned and running as fast as it can. Different people use different tools, but I like walking around and looking folks in the eye.

What advice would you give to a CEO to jumpstart growth?

Build a great team. Get the culture focused on a growth agenda. Find the money in the rest of the business to invest in growth—in service and products and innovation. Then, execute relentlessly.

This requires putting constant pressure on the system. I always like to double the revenue or the cash target in half the time. Everybody knows it now, so my secret's out. But you get people thinking that it can be done. You press the thinking, and you make people believe that it's doable. The best talent rises to the occasion.

How have you changed as a leader at Comcast?

I think I've become less about "I want it right now." I used to be more about just driving execution. Now I tend to look at a broader picture and question people to see if we're getting the most out of every conversation. I understand a little bit better that sometimes sequencing makes a big difference. I think I teach a little more than I used to, to help people understand the why. And I step back from most meetings and say, "What are we missing?" and question people and see if we're getting the most out of every conversation. □

Liz Hilton Segel is a senior partner in McKinsey's New York office, and **Neil Smit** is the CEO of Comcast.