

Meyer's Management Models

67. Top Line Growth Pie

In which directions can I grow my firm's sales?

Key Definitions

Firms often seek to grow their *top line*, i.e. their gross revenue derived from the sale of goods and/or services. In a now famous paper, Igor Ansoff (1957) argued that such growth can be pursued along two dimensions – in existing and new markets, and with existing and new products. The resulting 2x2 diagram is widely known as the *Ansoff Matrix*.

Ansoff's four growth directions are *market penetration* (more existing products in existing markets), *market development* (more existing products to new markets), *product development* (new products to existing markets) and *diversification* (new products to new markets).

Conceptual Model

The *Top Line Growth Pie* builds on Ansoff's logic of seeking growth along the dimensions of product and market, but splits each category into smaller parts, to give strategists a more fine-grained view into the various growth possibilities. Along the market dimension (plotted horizontally), a distinction is not only made between existing (at the center) and new (around the center), but also between new segments and new geographies. Each is further split according to the extent of newness – adjacent or distant. Along the vertical product dimension, the same is done, making a distinction between new products in or outside the existing business. The underlying metaphor is that firms can grow by taking a bigger slice of the existing pie (increase market share) but also have nine ways of taking a piece of a much larger pie.



Key Elements

The ten growth directions are the following:

1. **Increase Market Share.** Taking more of the existing pie means finding ways to lure customers away from competitors, or even to acquire these competitors altogether. For example, a bicycle manufacturer could advertise more to gain additional market share.

2. **Increase Market Size.** The existing pie can be grown by getting existing customers to buy more products and/or by finding more potential customers willing to adopt the product. So, a bicycle firm could try to get more people to cycle and/or get them to buy a second bicycle.
3. **Expand to Adjacent Segments.** Growth can also be found in neighboring customer groups not traditionally served, but with a similar needs profile and buying behavior. So, a bicycle firm could start selling to pensioners and/or people trying to lose weight.
4. **Expand to Distant Segments.** More difficult is to seek sales among customer groups with rather different characteristics in terms of needs and buying behavior. So, it might be a challenge for a bicycle firm to start selling to health clinics and/or courier firms.
5. **Expand to Adjacent Regions.** Growth can also be sought among customers in cities, states, or countries with a low *psychological distance* from the current markets. So, a bicycle firm in Amsterdam could start selling in Rotterdam or even in Belgium or the UK.
6. **Expand to Distant Regions.** A quick sale in a faraway place can be easy, but it is more difficult to build a structural market position where the rules of the game are very different. So, it would be tough for an Amsterdam-based bicycle firm to establish itself in Dubai.
7. **Product Range Extension.** By adding new products/services to the product family already being sold, new customers can be found, or existing ones might be willing to buy more. So, introducing e-bikes and mountain bikes could be a great way for a bicycle firm to grow.
8. **Value Proposition Enhancement.** Beyond extending the core range, the *envelop* of linked products, services, information, distribution, reputation, and payment features can be expanded. So, leasing bicycles including regular servicing could be a great growth avenue.
9. **Related Diversification.** Existing competencies and/or relational resources (e.g. contacts and reputation) can be leveraged to enter new lines of business. So, a bicycle firm could branch out into exercise equipment and/or cycling clothing.
10. **Unrelated Diversification.** Firms can also expand into totally new businesses, leveraging little else than their financial resources, management knowledge and business ideas. So, a bicycle firm could jump on the AI bandwagon and start selling translation software.

Key Insights

- **Top line growth is about a bigger slice and/or a bigger pie.** To most firms, growing their sales is important. Therefore, it is essential to see that growth can be realized by taking market share away from competitors (a bigger slice), but that there are also nine ways to expand their range of sales opportunities beyond the current, taking a slice of a bigger pie.
- **Top line growth can be found in market development.** Firms can expand to *new customer groups* (market segments), both close to their current ones and further afield. Equally, they can branch out to *new regions* (geographic markets), both close and afar.
- **Top line growth can be found in product development.** Firms can grow by broadening their *product range*, but also by broadening the *value proposition*, to include supplemental products/services, and/or extra information, distribution, reputation, and payment features.
- **Top line growth can be found in business development.** Firms can also grow outside their current lines of business, to *related areas* where they can leverage existing competencies and/or relational resources, or to totally *unrelated areas*.
- **Top line growth thinking can be helped by retiring Ansoff.** There is nothing inherently wrong with the Ansoff matrix, but as a thinking tool it is of limited value, because it fails to offer a fine-grained enough insight into the variety of growth directions that firms have open to them. So, after 68 years of loyal service, it is time to retire the Ansoff matrix.

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Insightful Tools to Kickstart Your Thinking

Publication Schedule

<i>July 2019</i>	<i>Mind the Gap Model</i>	<i>Change Management</i>
<i>August 2019</i>	<i>Digital Platform Map</i>	<i>Digital Strategy</i>
<i>September 2019</i>	<i>Interaction Pressure Gauge</i>	<i>Interpersonal Interaction</i>
<i>October 2019</i>	<i>Revenue Model Framework</i>	<i>Revenue Model Typology</i>
<i>November 2019</i>	<i>House of Engagement</i>	<i>Organizational Engagement</i>
<i>December 2019</i>	<i>Confidence Quotient</i>	<i>Trust Building</i>
<i>January 2020</i>	<i>Competition Tornado</i>	<i>Competitive Strategy</i>
<i>February 2020</i>	<i>11C Synergy Model</i>	<i>Corporate Synergy Management</i>
<i>March 2020</i>	<i>Leadership Fairness Model</i>	<i>Leader-Follower Interaction</i>
<i>April 2020</i>	<i>Strategic Agility Model</i>	<i>Strategy Process Approach</i>
<i>May 2020</i>	<i>Control Panel</i>	<i>Corporate Control Dimensions</i>
<i>June 2020</i>	<i>Rising Star Framework</i>	<i>Talent Management</i>
<i>July 2020</i>	<i>Strategy Development Cycle</i>	<i>Strategy Process Steps</i>
<i>August 2020</i>	<i>7I Corporate Center Model</i>	<i>Corporate Organization</i>
<i>September 2020</i>	<i>Storytelling Scripts</i>	<i>Leadership Communication</i>
<i>October 2020</i>	<i>Strategic Bets Framework</i>	<i>Strategic Decision-Making</i>
<i>November 2020</i>	<i>Rebound Model of Resilience</i>	<i>Organizational Resilience</i>
<i>December 2020</i>	<i>4C Leadership Capabilities</i>	<i>Leadership Competences</i>
<i>January 2021</i>	<i>Digital Product Model Dial</i>	<i>Digital Strategy</i>
<i>February 2021</i>	<i>Digital Distribution Model Dial</i>	<i>Digital Strategy</i>
<i>March 2021</i>	<i>Empowerment Cycle</i>	<i>Employee Empowerment</i>
<i>April 2021</i>	<i>Innovation Box</i>	<i>Innovation Approaches</i>
<i>May 2021</i>	<i>Knowledge Sharing Bridges</i>	<i>Best Practice Sharing</i>
<i>June 2021</i>	<i>Followership Cycle</i>	<i>Leader-Follower Interaction</i>
<i>July 2021</i>	<i>Everest Model of Change</i>	<i>Change Management</i>
<i>August 2021</i>	<i>Fruits & Nuts Matrix</i>	<i>Priority-Setting</i>
<i>September 2021</i>	<i>Powerhouse Framework</i>	<i>People & Organization Strategy</i>
<i>October 2021</i>	<i>Strategy Hourglass</i>	<i>Strategy-Making Steps</i>
<i>November 2021</i>	<i>Disciplined Dialogue Model</i>	<i>Interpersonal Communication</i>
<i>December 2021</i>	<i>Team Building Cycle</i>	<i>Team Building Process</i>
<i>January 2022</i>	<i>Market System Map</i>	<i>External Analysis Framework</i>
<i>February 2022</i>	<i>Strategic Alignment Model</i>	<i>Business Level Strategy</i>
<i>March 2022</i>	<i>Creativity X-Factor</i>	<i>Creativity Enhancement</i>
<i>April 2022</i>	<i>Organizational System Map</i>	<i>Organizational Analysis</i>
<i>May 2022</i>	<i>Corporate Value Creation Model</i>	<i>Corporate Level Strategy</i>
<i>June 2022</i>	<i>Change Manager's Toolbox</i>	<i>Change Methodologies</i>

<i>July 2022</i>	<i>Sustainable You Model</i>	<i>Personal Sustainability</i>
<i>August 2022</i>	<i>Value Proposition Dial</i>	<i>Business Level Strategy</i>
<i>September 2022</i>	<i>The Tree of Power</i>	<i>Organizational Power</i>
<i>October 2022</i>	<i>Psychological Safety Compass</i>	<i>Team Dynamics</i>
<i>November 2022</i>	<i>Strategic Action Modes</i>	<i>Strategy Process</i>
<i>December 2022</i>	<i>Corporate Management Styles</i>	<i>HQ Management</i>
<i>January 2023</i>	<i>Thinking Directions Framework</i>	<i>Reasoning Skills</i>
<i>February 2023</i>	<i>5I Innovation Pipeline</i>	<i>Innovation Process</i>
<i>March 2023</i>	<i>Resistance to Change Typology</i>	<i>Change Management</i>
<i>April 2023</i>	<i>Ambition Radar Screen</i>	<i>Motivation Analysis</i>
<i>May 2023</i>	<i>Corporate Strategy Framework</i>	<i>Corporate Strategy</i>
<i>June 2023</i>	<i>Cultural Fabric Model</i>	<i>Organizational Culture</i>
<i>July 2023</i>	<i>New Pyramid Principle</i>	<i>Presentation Approaches</i>
<i>August 2023</i>	<i>Activity System Dial</i>	<i>Value Creation Analysis</i>
<i>September 2023</i>	<i>Customer-Centricity Circle</i>	<i>Organizational Design</i>
<i>October 2023</i>	<i>Status Snakes & Ladders</i>	<i>Leadership Branding</i>
<i>November 2023</i>	<i>Stakeholder Stance Map</i>	<i>Stakeholder Management</i>
<i>December 2023</i>	<i>Best Practice Sharing Modes</i>	<i>Sharing Methods</i>
<i>January 2024</i>	<i>Duty of Care Feedback Model</i>	<i>Feedback Method</i>
<i>February 2024</i>	<i>BOLD Vision Framework</i>	<i>Organizational Vision</i>
<i>March 2024</i>	<i>MOVING Mission Framework</i>	<i>Organizational Mission</i>
<i>April 2024</i>	<i>Leadership Circle Map</i>	<i>Leadership Skills</i>
<i>May 2024</i>	<i>Digitalization Staircase</i>	<i>Digital Strategy</i>
<i>June 2024</i>	<i>Time Management Funnel</i>	<i>Personal Time Management</i>
<i>July 2024</i>	<i>Wicked Problem Scorecard</i>	<i>Organizational Decision-Making</i>
<i>August 2024</i>	<i>Hunting & Farming Typology</i>	<i>Sales Management</i>
<i>September 2024</i>	<i>Guiding STAR Matrix</i>	<i>Objective Setting Approach</i>
<i>October 2024</i>	<i>Corporate Synergy Typology</i>	<i>Corporate Level Strategy</i>
<i>November 2024</i>	<i>Self-Centered Thinking Traps</i>	<i>Thinking Styles</i>
<i>December 2024</i>	<i>Sustainability Maturity Ladder</i>	<i>Sustainability Management</i>
<i>January 2025</i>	<i>Top Line Growth Pie</i>	<i>Growth Strategy</i>
<i>February 2025</i>	<i>Innovation Sins & Virtues</i>	<i>Innovation Management</i>
<i>March 2025</i>	<i>Core Courage Model</i>	<i>Leadership Behaviors</i>
<i>April 2025</i>	<i>Change Management Phases</i>	<i>Change Management</i>
<i>May 2025</i>	<i>New Learning Curve</i>	<i>Personal Learning</i>
<i>June 2025</i>	<i>Partnership Distance Model</i>	<i>Interorganizational Relations</i>
<i>July 2025</i>	<i>Embedded Innovation Pipeline</i>	<i>Innovation Management</i>
<i>August 2025</i>	<i>Performance Assignment Matrix</i>	<i>Corporate Strategy</i>
<i>September 2025</i>	<i>Triple Diamond Model</i>	<i>Organizational Decision-Making</i>
<i>October 2025</i>	<i>Interpersonal Interaction Levels</i>	<i>Communication Approaches</i>

November 2025	Synergy Value Matrix	Corporate Level Strategy
December 2025	Embedded Identity Model	Personal Awareness
January 2026	Dynamic Organization Paradigm	Human-centered Organization
February 2026	Leadership Journey	Leadership Development