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Revenue growth: How do you compare?

Are you wondering how the industry fared in 2012? And how you did by comparison? Over the course of the next few months, the consultants at 3PG Consulting will provide answers to these two questions in this monthly column.

In this first of the series, I'll share information on industry revenue growth, the strategies that worked and some predictions for 2013. The information is derived from the 3PG Consulting's client base. We looked at 30 companies (randomly selected out of more than 100) to compile this for you.

Table 1 shows the results of the benchmark analysis. The average revenue growth rate from 2011 to 2012 was 8 percent. This average disguises some very high and low growth rates.

Table 2 breaks out growth rates by annual revenue size and clearly shows the most robust growth took place in companies with less than $5 million in annual revenue. If we sort the information by region, the lowest growth rates took place in snow markets and the highest growth rates occured in non-snow markets. If you're in a snow market, this in fact might be your experience.

What can we learn from these figures?

1. There's still growth and solid conditions in most markets, especially for smaller to medium-size players.

2. It's really hard to grow a larger business at high growth rates. This is the result of the continued slowdown in overall economic growth. In most markets there's still precious little construction and new development to drive big dollar growth.

3. The highest-growth companies invested money in employing customer relationship management (CRM) systems, like BOSS or SalesForce.com, sales management programs (putting someone in charge of the sales team) and sales force training (coaching business development and account management staff in time management and face-to-face skills).

4. While there's still low pricing by some industry participants, this strategy was not the tactic that drove sales growth rates for the high performers.

What drove growth? It was targeted and assertive direct sales force efforts. Period. Companies that invested in sharpening the marketing message, the lead-generation machine and negotiating tactics did well. In other words, an investment in No. 3 above paid off last year—finally.

What can we expect in 2013?

1. Market growth may not be robust, but it will be steady enough to support 10 percent growth in most markets.

2. CRM systems will continue to be a good investment—driving sales team productivity and effectiveness.

3. Increasing customer loyalty will present a selling challenge. "Taking business away" from competitors will get harder. There was a clear improvement in retention rates in 2012 in most markets. This trend will continue.

4. The biggest risk to growth might be cheap money and rising real estate values. Cheap money combined with rising values is leading to consolidation in the property management business. And anything that happens in that business affects our business.

Overall, I expect another year like 2012 in 2013—at least on the revenue growth side.

TABLE 1: REVENUE GROWTH OVERALL

2011 revenue	2012 revenue	Average growth	Highest growth	Lowest growth
230,565,723	249,090,541	8%	32.4%	-17.3%

TABLE 2: REVENUE GROWTH BY REVENUE SIZE

Under $3 million	$3 million - $5 million	$5 million-$10 million	$10 million-plus
14.8%	20.4%	7.8%	10.3%