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Focus on the growth of assets

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Companies today very quickly feel the pressure to guarantee growth in the share market. It is the share performance which is very much in the public eye and thus the assessment of the company by the market. To enable the shareholders to enjoy higher profits, the management of a company is therefore sometimes tempted to compromise with the quality of products in order to achieve quicker sales and to improve the performance of the share in the short term. It forsakes the value class it has established up for an expected increase in the share price. However, this well-meaning opportunism in terms of quarterly reporting has problematic long-term consequences for the company.

The risk This is because the lowering of quality in terms of the products inevitably leads to disappointed customers. And each one of these now becomes important as to how the company is regarded in public in terms of its balancing act between improving the share price and product deterioration. To be exact, after astonished hesitation, he begins to tell others about his irritation. He meets others who have suffered disappointment, the specialist press latches onto the decline in quality and it becomes the talk of the industry.

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As the lowering of quality is no longer a "one-off error", but company strategy – for sometimes what has been an infrequent occurrence might turn into "aggressive marketing" by the company in the selling of its products due to the rapid success in its equity business – the timbre of the recommendations from the specialist press begins to change. The public begins to sense weaknesses, distrust eats away at confidence like rust eats away at paintwork. The good name of the company begins to dissipate.

By now the shareholders are also aware. First of all those in the heat of the action, then those in the background. Equity trading registers the burgeoning scepticism, but sales in the market itself are jubilant. It separates the co-owner from the performance foundation of his company. A trading partner (shareholder!) deeply involved in the product performance of the company becomes a rampant speculator. The company may see its product policy confirmed by growth on the stock market and provides support for it with so-called capital market stories. And gradually the management is working for two markets: in the market of its asset products which falls to a lower level of value, and in the equity market where there is jubilation about higher prices in the short term. Enfeeblement in the former, euphoria in the latter. This is celebrated today as a willingness to take risks – which cannot possibly lead to a sustained increase in value. Why not?

One customer base This is because disappointment gets around. Today's market is a closely networked system of communication. Hardly anything remains hidden, especially with a company which, as a public company, wants to cooperate in as productive a way as possible with public opinion. For such a company it can only be about presenting its services to the public at each contact point in one voice and in one performance class. Only integrity in every individual transaction will build up the good name of a company in day-to-day business – a company's most valuable commodity, too.

It is a grave mistake in economic terms to think that a company can work with two different customer segments. Neither a customer nor, even less, a customer base can be segmented. Thinking in terms of category or target groups can get in the way. It is not possible to categorise customers. Thinking in terms of categories, the supposed dilemma of the two customers, is a dilemma associated with not being realistic, not an actual dilemma on the market.

Today, shareholders and product buyers are so closely connected with one another, due to the variety of information, that they must be regarded as a single customer base.

And you cannot disappoint your customers for any length of time, their feeling for genuine service is too developed, and public interpreters of a company's performance level are two a penny today. It is precisely for this reason that a customer today can build up a good picture of all the services offered by a company.

This is because equity trading, which operates on a global scale and is superbly well organised, provides the product customer with share performance figures and the specialist retailers of the product provide shareholders with excellent analysis of the product performance at fixed intervals. There are no longer two unconnected customer segments – there is just one customer. Here, the customer's experience of the company's less satisfactory products spreads like water in wine. The whole system has a detrimental effect and value drops.

The opportunity A self-confident company ought to approach growth in a different way. For this single customer idea offers a unique opportunity for the company. The equity market has substantially expanded its equity radius and this highly efficient sales platform is now available to it. Nevertheless, here too, the quality and the unwavering product class of its performance must be as convincing as it is in other channels of distribution. The management should now be confident that its quality, if one holds out grimly, will not be influenced by the assessment of analysts, traders and speculators, for no commercial thinking can in the final analysis ignore the value of convincing performance.

A growth programmer such as this based on excellent company performance is the day-to-day responsibility of the management. It must bring together the two markets and reproduce for its global clients quality which can be relied on in all its transactions. This will create the conditions needed for products and the share to perform well together. There must therefore be no compromises in product services. Word about the new experiences with asset growth of this sort will spread around the world. Not just amongst one's own customers but with others as well. The new watchword should therefore be: optimise your products with a view to increasing share value at the same time!