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by Ken Favaro

Congratulations, Verizon. You've struck a historic deal to pay $130 billion for Vodafone's 45 percent stake in Verizon Wireless—the third largest transaction in corporate history, behind only AOL-Time Warner and Vodafone-Mannesmann. I understand your desire to take full control of the company, especially since it has your logo on it! But the only way this deal pays off is if the business can somehow grow faster than the growth already implied in the very full price tag.

That's a tall order. But it's possible if you know the pitfalls and how to avoid them.

The most common—and dangerous—pitfall is to overestimate your market opportunities and then underexploit them. For example, in their pursuit of growth, many companies turn to "adjacencies" for which their capabilities are poorly matched. Cases abound: Microsoft's many consumer forays (including MSN, Bing, Zune, Xbox, and Slate), P&G's adventures in food (such as Pringles, Jif, Crisco, Sunny Delight, and Folger's), and just about every commercial bank's rush into investment banking. Even Coca-Cola and GE succumbed to the temptation when they jumped into entertainment with Universal and NBC, respectively.

In addition to chasing adjacencies to find growth, some companies turn to a kind of innovation that ends end up packing their products with features only a few customers really value. Just think of all those supposedly innovative smartphone, car, or PC applications that never get used.

Pursuing market adjacencies and proliferating product features have a very big cost: They distract companies from better opportunities much closer to home. Consider the company that, despite owning both dental hygiene and retail battery businesses, let a small startup invent the first low-cost electric toothbrush; or the blades and razor business that nearly missed a golden opportunity to put a high-end disposable product in Brazil; or the Irish brewer that required a corporate intervention to finally capture the growth it had been missing for years, with a bottled version of its most famous product.

Instead of succumbing to adjacency addiction or feature frenzy, do what the best growth companies do. Take a deep breath and start with the following simple equation:

A. Customers and Share of Wallet You Don't Have – B. Customers and Share of Wallet You Can't Get = C. Customers and Share of Wallet You Can Get

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Most companies can't be troubled with the diligence required to solve this equation. Instead, they chase the entire universe of customers and share of wallet they do not already have. The all-too-common result is a proliferation of ill-focused growth initiatives that won't move the needle, thus sapping their resources and distracting their organizations from the few initiatives that could make a real difference if only they had solved for C.

To solve the above equation for Verizon Wireless, you must know which customers—among the 100 million you already have and the 200 million currently served by your competitors—have the highest propensity to "switch" their purchase or usage behavior, from one provider to another, or from less to more usage, or even from being a non-user to a new user.

The highest-propensity switchers tend to be not fully impressed by what's in the market. They often include the heaviest users (such as mobile business customers) or variety seekers (such as younger, tech-savvy customers). They always have needs not fully met by current offerings in the market, or they can be influenced to use your products and services for a different range of purposes (for example, live streaming TV through their tablets or paying their bills with their smartphones). Whoever they are, they are not your or your competitors' most loyal customers.

So, set aside your enormous and ever-growing volumes of customer research and instead concentrate your efforts on answering these four central questions:

- Who is most prone to change their purchase or usage behavior? Are they best defined by their occupation, demographics, social graph, location, or what?
- Why are they so inclined to switch? What's missing in the market that, if addressed, would induce them to change their provider or usage?
- Where (and how) do your capabilities give you a leg up on the competition to address market gaps that are most important to the likeliest switchers?
- What tactics will get the likeliest switchers to change their behavior in your favor?

Your huge investments in LTE technology will certainly improve your wireless service; you will surely be investing mountains of money in new product and service innovations over the coming years; and you'll undoubtedly be spending even more on advertising, selling, and marketing. But AT&T will be doing all this too. Finding enough growth to win your $130 billion bet requires you to have consistently better answers to those questions listed above than your competitors, who are equally ambitious and pressured to grow.

In the short term, you don't want customers to see or feel anything different in their transactions and relationship with you just because you are now the 100 percent owner of Verizon Wireless. But very soon, wireless customers (both yours and others') had better see something that's compelling enough for them to change their behavior in ways that produce growth for Verizon Wireless. Otherwise, the deal with Vodafone will be "historic" for the same reason AOL-Time Warner is. And that's not the side of history you want to be on. +

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