

STRATEGIES

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SHOP TALK

Boost Strategic Planning

From The President's Desk

Suzanne M. Miklos, Ph.D.



Each year an organization should review not only the content of its strategic planning process, but also the process itself. One important aspect of the planning process is goal setting. Early in an organization's strategic planning history, goals are likely to be simple, single, and revenue oriented (e.g., "\$15 million in sales," "reduce scrap by 10%"). As companies increase in complexity, so should their planning.

- ✓ Goals can increase in number and complexity, to encourage balanced organizational decision-making. For example, setting profitability goals for each product line will uncover consistently weak performers — indicating a need for action — or an increasing percentage of revenue was from a shrinking number of product lines — a need for innovation.
- ✓ Identify both "minimum" and "stretch" levels of goal attainment (e.g., \$15 million minimum sales, \$18 million target sales). Managers understand in advance what operating expense adjustments will be associated with differing levels of goal attainment. Managing budgets does not become a reactive process when target goals are not reached.
- ✓ Constraint goals set the boundaries around how minimum goal levels will be achieved. To resist achieving high sales by selling in greater volume at a discounted price, set a profit margin constraint goal (e.g., minimum 5% margin). Setting constraint goals can help control what factors are driving the business.

Embedding strategic planning into yearlong activities is essential. Strategic plans that are linked to departmental and individual performance plans are easy to review on a monthly or quarterly basis. This helps prevent a cycle of "last quarter dash, first quarter lax." At mid-year conduct a formal progress review, adjust activities, and issue a company-wide report. This provides balanced focus for everyone while there is still opportunity to achieve goals.

Here's to a high achieving year for us all!

Strategic Planning Checklist

- ✓ Review Mission/Vision
- ✓ Define Core Business: Who We Are and Who We Aren't
- ✓ Make it a Process
 - Follow up throughout the year
- ✓ Collect Data Using Multiple Methods
 - Benchmarks
 - Surveys
 - Market trend analysis
 - Focus groups
 - Analysis of new technologies
- ✓ Involve Stakeholders
 - Customers
 - Employees
 - Board of Directors
- ✓ Establish Minimum, Stretch, & Constraint Goals
- ✓ Devise Specific Action Plans to Meet Goals
- ✓ Build in Accountability



Supervisor's Corner:

Understanding Your Business

Rebecca Toney, Ph.D.

“I have worked here for 20 years—I know everything about this business.” Although experience does produce knowledge, remember that every business changes over time. Competitors, customers, and the environment all change. You can help your company thrive by knowing how these changes will affect your personal role in moving the business forward. You can also motivate your direct reports by keeping them informed about the direction of the business. Here are some steps you can take to renew your knowledge of your company and your business.

Identify Your Company's Goals

Obtain a report of the strategic plan that is distributed, or minutes from the planning meeting. Alternatively, you may need to request time with an executive in your department to learn about the current company goals. Express your interest in understanding the goals in order to best help the company achieve them.

Identify Your Manager's Goals

Ideally, your manager's goals will align with the strategic goals for the company. If not, you may need to creatively integrate activities to satisfy different objectives. For example, if a company goal is to move into a new market that requires a new sales approach while your manager's goal is to refine the current sales approach—what can you do? One idea would be to identify the sales techniques and

the elements of the new market that are similar to the present way of doing business. This will help achieve both goals, as well as ease the transition for your salespeople.

Think About How Your Work Affects These Goals

Consider making an action plan for yourself and your area. An action plan ensures that work activities are goal-directed. Choose two or three goals that are most relevant to the work that you do, and identify what actions you or your direct reports will take to help achieve each goal. Be sure to build in timelines, resources, feedback loops, and accountability.

Determine How To Best Satisfy Internal “Customers”

Think about where your department is in the process of producing products or services. What is your relationship to other departments in the process? What can your department do to make the whole process work more smoothly? What can you do to better serve your department's “customers,” whether they are internal or external?

Investigate Annoying Policies or Procedures

By understanding its purpose, you can make a suggestion for improving a policy or procedure and still meet the objective. For example, employees may see the introduction of new technology into the company as threatening or as a hindrance. One company introduced hand-held computers for inventory control, but the line workers were reluctant to use them. Even before being trained to use the computers, the workers needed to understand the function and benefits of the computers—managing inventory in real time to prepare for a wider range of products demanded by customers. Communicating the purpose of new procedures makes a change seem more logical and easier to adopt.

Taking some time to reflect on these steps will give you a new perspective on your business and your role in it.

Organizational Life Cycles

It's Just A Stage...

Strategic planning is an ongoing process that changes as your organization grows. Young companies will focus more on goals of sales, market share, and product development. Brainstorming and visioning are important approaches. As companies mature, the planning process becomes more sophisticated, using balanced scorecard approaches and multiple interrelated metrics. Focus shifts to profit margins and operating costs.

Key to understanding the strategic planning needs of your organization is understanding the different stages of an organization's lifecycle. First, identify the stage your company is in. Next, look ahead to the next stage to develop your strategic planning efforts. How can you build the strengths characterized by this next stage? How can you guard against the expected weaknesses?

Here's a quick preview of the different lifecycle stages for growing businesses. To investigate organizational lifecycles in greater depth, check out *The Pursuit of Prime* (1996), by Ichak Azides.

Courtship - *The "idea" stage for new enterprises*

- ✓ Characteristics: risk-taking, excitement, commitment, vision
- ✓ Challenge: balance vision with planning

Infancy - *The "survival" stage*

- ✓ Characteristics: novel situations, frequent crises, lack of systems
- ✓ Challenge: increase sales and establish viability

Go-Go - *The "growth" stage*

- ✓ Characteristics: sales focus, inconsistent systems, pursuing all opportunities
- ✓ Challenge: define specific market niches and increase profitability

Adolescence - *The "conflict" stage*

- ✓ Characteristics: maximizing profits, inconsistent goals
- ✓ Challenge: continue increasing profits, expand revenues, and develop structure

Announcing:

the newest member of our
O.E. Strategies family



Currently in training, Lauren will soon be in charge of giggling and cooing.

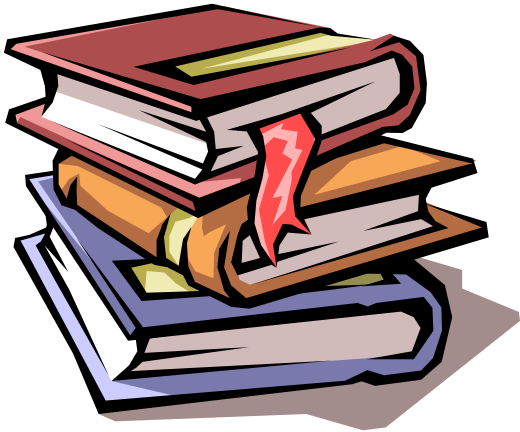
Prime - *The "success" stage*

- ✓ Characteristics: well-executed plans, growth in both sales and profits
- ✓ Challenge: predict market trends, innovate, and develop strategically oriented leadership

Stable - *"Remember the good ol' days"*

- ✓ Characteristics: slowed growth, loss of customer focus, over-emphasis on administration
- ✓ Challenge: pursue new long-term opportunities, and foster creativity to respond to the market

Book Reviews



The Tipping Point: How Little Things Can Make a Big Difference

Malcolm Gladwell

Little, Brown & Company, ISBN 0316316962

Illustrating how social trends act like epidemics, Gladwell studies the power of word-of-mouth and examines how small changes affect popularity. By exploring the rise (and fall) of a dissimilar list of examples – Blue’s Clues to Hush Puppies to teenage smoking – Gladwell has identified the “tipping point” as the moment when an idea or social behavior crosses a threshold, tips, and spreads like wildfire.

Has your company’s product reached its “tipping point”?



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