

Boost the Return on Your Team's Efforts Work Smarter, Not Harder

Do you believe that strategic planning is an old-fangled concept that's a waste of time; or at best, a luxury that only large corporations can afford. If so, then I encourage you to think again!

All organizations, large and small, commercial and not-for-profit, can gain from strategic planning – the art of better leveraging an organization's core competencies to best meet the current and emerging needs of high potential market segments. Although easy to say, doing it well is not very easy to do. Effective strategic planning requires laser-like focus:

- Being clear about what you do best and what differentiates you from your competitors
- Articulating the market segments that are most likely to desire what you have to offer
- Actively pursuing untapped opportunities while strengthening existing customer relationships
- Applying limited resources to execute the 20% of activities that drive 80% of the results you desire

Many successful Fortune 500 corporations employ a variety of strategic planning techniques to efficiently deploy their limited resources and identify new opportunities for growth. Typically they start with an analysis of the external environment – fielding primary and secondary market research to address key questions. What macro trends are being driven by demographic, economic, geo-political, societal and technological shifts? How do these trends relate to the customers I serve? Are there emerging product/service delivery paradigms that create new opportunities? What scenarios could be defined to highlight emerging opportunities that competitors are not addressing? Where should I focus my limited resources to achieve the highest return on investment?

After analyzing the external environment, successful companies then complete a thorough situation assessment of their internal organization – asking questions such as:

- Where have we historically been most successful?
- What core competencies have we leveraged?
- Are the needs we've served in the past and our value proposition still relevant today?
- If not, how could we apply our strengths in new ways to grow our business?
- What weaknesses do we need to shore up?
- Given external trends, what threats to our current business model loom on the horizon?

Hopefully it's obvious that there is nothing magical about this process. It is basic block and tackling. Yet, effective strategic planning requires a comprehensive analysis and willingness to accept the old adage that "less is more". Be focused, not opportunistic. Determine what works, and eliminate all of the activities that don't. Define the resources required to accomplish your goals, outline a plan and execute!

Here is a roadmap to help you get started:

- Leverage all available secondary information, and the knowledge of team members closest to your key stakeholders, to define emerging external factors that will have an impact on your future success – articulate what your current customers really want, how they are being effected by external factors and what products/services they are likely to seek shorter term
- Define who you see as your primary competition – list the Top 3 - 5 competitors and gather insights to better understand how they are approaching the market today, and actions they are taking to be more competitive in the future
- Complete a SWOT Analysis of your business – succinctly define on one page the company's internal key strengths and weaknesses relative to key competitors, and untapped externally-based opportunities and potential threats to the way you have historically conducted your business – based on the core competencies you have identified, state clearly what business you want to be in, and define your “centers of expertise” which will drive your future value proposition (*remember: a value proposition should highlight the primary benefit you provide your customers, not just what you do well*)
- Outline the organization's core ideology – mission statement, core values and key elements which define your brand essence – and think about the implications these have on your organization's culture, structure, internal processes and New Business Development efforts
- Articulate criteria that defines your ideal customer – type of business, size and outlook, working style – and then articulate the market niches where you can best win in terms of garnering market share, maximizing profit potential and leveraging your expertise
- Evaluate your product lines and services to understand which provide the highest margins – identify investment opportunities to grow in areas that provide the greatest return

(For additional guidance, see Appendix 1 for an outline of a prototypical annual plan)

With these steps taken, you can begin to define your unique “story”, and implement a plan of action based on fact and intent, with an eye towards the future and untapped emerging opportunities. You can add resources where you anticipate growth, and eliminate those that are driving costs with insufficient return.

Finally, consider highlighting in your strategic annual plan the following:

- 2-4 measurable business objectives – note that in addition to articulating specific revenue and EBITDA goals, an optimized plan should address other critical actions such as: (1) attaining proprietary access to new technologies that would make it possible to offer new products and services, (2) evaluating acquisitions and/or divestitures that would increase your profitability and core competency, (3) creating an ideal work environment that attracts the most talented employees with specified skill sets to strengthen core competencies
- 2-3 strategies for each core objective with actionable tactics associated with each – these should be written to provide clear direction and focus; and in each case, specific milestones should be noted against which progress can be measured
- Targeted sources of growth with % likelihood of achievement – it is prudent to conduct a sensitivity analysis around key assumptions, so you are prepared to implement contingency plans should something unanticipated occur – consider maintaining a contingency fund equal to 3-5% of total expense to fund contingency actions as the year unfolds

So, work smarter, not harder. Create a strategic plan, and boost the return on your team's efforts!

For more information, contact Steve Carples, Principal of Synergistics Consulting
steve@synconsult.com (952) 200-3111 www.synconsult.com

Appendix 1

Outline of a Prototypical Strategic Annual Plan

- I. Executive Summary (concise overview of history, positioning, key objectives – 1 page)
- II. External Environmental Situation Assessment (trends, conclusions & implications)
 - a. General market trends (demographic, economic, technological, societal, geo-political)
 - b. Trends that specifically impact key stakeholders
 - c. Competitive environment (actions you anticipate key competitors might deploy)
- III. Internal Situation Assessment & Strategic Platform
 - a. Historical perspective (oftentimes, an organization's true strengths lie in their roots)
 - b. Core Ideology (mission statement, core values, envisioned future, brand essence)
 - c. Core competencies, value proposition & services rendered
 - d. Ideal customer profile (be as specific as possible, to guide New Business Development)
 - e. Human resource assets (management team, organization chart, core talents, etc.)
 - f. SWOT's (Strengths, Weaknesses, Opportunities & Threats – 1 page)
 - g. Key competitors (articulating their core competencies and areas of focus)
- IV. Key Opportunities for New Business Development
 - a. New product and or service opportunities
 - b. Emerging distribution channel or untapped customer niches that could be harvested
 - c. Company "centers of expertise" that can be further leveraged
 - d. Other
- V. Business Objectives, Strategies & Tactical Initiatives (with key milestones delineated)
- VI. Operations Recap
 - a. Summary of key metrics (historical and plan goals)
 - b. Underlying assumptions
 - c. Targeted sources of growth with % likelihood of successful accomplishment
 - d. Analysis of key cost considerations and targeted areas for cost reduction
 - e. Contingency plan and budget
 - f. Capital improvement plan
 - g. Human resources plan
- VII. Appendices
 - a. Historical & plan monthly P&L's
 - b. Quarterly trend summary of key metrics (based on objectives identified)
 - c. Sales ranked by customer (historical and planned)
 - d. "Dream list" of prospective new customer opportunities
 - e. Summary of key internal workflow processes