

# Tips from the Top

*Business insights from those at the top for those at the top.*

Volume 19 • Issue 12

December 2014



THE ALTERNATIVE BOARD  
*Shared Wisdom, Bottom Line Success*

## Inside This Issue

*This month, Tips from the Top is focused on the topic of Strategic Planning.*

*From general alignment challenges, to communication issues and office culture struggles, Tips from the Top will provide insight, suggestions and advice from business experts around the globe.*

## *What Is a Strategic Plan and Why Does Your Business Need One?*

**David Scarola**, *The Alternative Board*, [www.thealternativeboard.com](http://www.thealternativeboard.com)

*"If you don't know where you're going, any road will take you there."*

– Lewis Carroll, as paraphrased by George Harrison

The Cheshire Cat and our favorite Beatle didn't necessarily have business owners in mind when they suggested that an ambiguous destination is right around the corner if you just start walking, but they might as well have. In fact, if that cat were to host a business leadership seminar, he'd say much the same: that while all roads lead somewhere, sometimes somewhere is just another kind of nowhere. His point?

That in business, clear goals matter.

Without them, every choice is just another mysterious door in a labyrinth of possibilities. Without them, the company ship wanders and drifts. Sure, maybe the currents will lead you to safe harbor. But you're just as likely to end up crashed on a reef.

At TAB, we believe that every business owner has the right to expect that their business can deliver for them what they want out of life. A written strategic plan, when done well, is both the forward path and the map itself. It's the basis for any business owner to achieve his or her vision. Strategic planning – by helping you refocus on your foundational purpose, your goals and your opportunities – reintroduces you to "the big picture."

You remember the big picture, don't you? The big picture is why you started your business in the first place.

## **What Is the Importance of Strategic Planning?**

A strategic plan is a written document that points the way forward for your business. It both lays out your company's goals and explains why they're important. The strategic planning process also helps you uncover ways to improve performance. It can, for instance, spark insights about how to restructure your organization so that it can reach its full potential.

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Developing new products, expanding operations, reaching into new market segments, solving organizational problems – as you grow your business, a well-designed strategic plan will dictate how you respond to opportunities and challenges of every color, shape and size.

## **Strategic Planning is Itself a Business Growth Strategy**

Of course, before you can respond, you have to be able to identify those opportunities. For business owners, the strategic planning process lights the way, and it's easy to see why. A clear set of goals, when combined with an honest appraisal of an organization's strengths and weaknesses, shows you what's important, what's relevant and what's actionable in your environment.

Every business owner needs to be able to make these kinds of distinctions, because the business landscape is constantly changing, and faster than ever before. New government regulations, changing workforce demographics, advancing technology and economic uncertainty affect every business differently. A strategic plan allows you to put these business challenges into perspective. It gives you the foresight you need to tackle them in a coordinated way. You'll have a better view of the ways your business is affected by any particular problem, which in turn makes it easier to take control of your own future.

So what are the sorts of business challenges that strategic planning will help you to address? You name the situation – your plan will help. Some examples of obstacles or opportunities that strategic planning can help you more easily respond to include:

- Responding to the launch of a new product from a competitor.
- A technological upgrade on your production floor.
- Handling the requests of a new customer base.
- Upgrading the technical capabilities of your workforce.

But your strategic plan is more than just a lens to look through. It does more than just focus your attention. It's also essential for communicating your vision to investors, managers and employees, and it illustrates the process by which that vision will be made real. Through the strategic planning process, you'll create a written document that clearly details the future plans and goals of your company. Your business allies won't have questions about how they fit in, and they won't be confused about how they can help you achieve your vision. The strategic planning process ensures that everyone is on the same page.

Remember, a plan of action that resides only in your head may work for a little while, but owning your own business involves collaborating with others. You'll have to collaborate if you want to bring your business growth strategy to fruition, and as you grow you'll collaborate more and more.

## *Do You Have a Strategic Plan for Your Absence?*

**Dharma Ajith, Tilden Car Care**

How do you measure the success of your business? One of my success factors is the ability to leave my business behind for a month and expect my business to function the same or better. I do not just mean going on vacation but also managing unexpected life events. Your spouse, a child, close relative or even you can become seriously ill and you will need to be absent from your day-to-day business involvement.

How ready is your business for that? Do you have the right people and processes in place handle a situation like that? Or will your business derail when the first toner cartridge is out of ink? Something to think about. Also remember that it may take several months or years to prepare for a strategy for a situation like this, but it is very crucial to keep in mind as a successful business owner.

## The Seven-Year Rule

William Seelig, TAB San Jose

One of our seasoned TAB members took the opportunity to share the wisdom of years spent growing his business into a world class organization. Over a seven year period he and his team worked diligently to perfect their technology and their business offerings -- attracting talented associates, pursuing innovative technology, building a loyal client base and operating with frugality and a respect for the bottom line. He coupled this with the painful commitment to put 10% aside each year for future opportunities.

This allowed them to strategically acquire competitors, propelling them to eventually capture 60% of the world market in their industry. They went slow to go fast over the seven year cycle, tripling their business toward the end of this phase. He compared this with local start-ups or small business entrepreneurs who frequently burn through their resources seeking big hits before their product or service and the marketplace is ready.

## What Are the Features of Effective Strategic Planning?

The initial strategic planning process is too often thought of as a one-time effort – many business owners are content to put their plan on the shelf once they’ve written it. Once a year, maybe, they’ll do an annual review. That may feel like a kind of engagement, but if you want your strategic plan to do what it’s designed to do – what it’s truly capable of doing for you– it’s just not enough.

Allen E. Fishman, founder of TAB, places special emphasis on what he calls “Turning the Wheel.” In order to grow your business, Fishman advises, you’ve got to review your strategic plan as often as possible, checking benchmarks and timelines and revising strategy when new opportunities or obstacles make themselves known. A plan with ongoing relevance is vital to an effective business growth strategy.

In other words: you’ve got to actually use it and it’s got to be adaptable.

A good strategic plan will do something else, too. It will reconcile your corporate vision with your personal vision. What do you want from your life in the future? How will those personal goals affect the future of your business? Are you hoping to sell your business in order to retire, or would you be happier to bring a relative in to run things? Maybe the everyday ins and outs of owning your own business are a labor of love and you plan on calling the shots as long as good health allows. When you have a clear understanding of your personal goals and expectations, the strategic planning process can give you a plan that meshes with those goals, a plan that makes realizing your vision a lot easier.

Finally, a truly excellent strategic plan is built around an identifiable, overriding factor that gives your organization something specific to work towards at all times. This is called your Driving Critical Success Factor (DCSF), and it will act as a guidepost for all of your decisions while helping to keep your team focused. Say, for example, that you’re based in New England but you realize that true growth is in the West Coast market. This would be your company’s DCSF, and communicating this goal clearly with management, employees and investors will help you take advantage of any opportunities that might come up in Seattle or Los Angeles. Your DCSF also gives you a clear way to measure progress.

Strategic planning is so crucial as you prepare to grow your business. Focusing on developing your strategy will give you the strategic plan you need to meet the business challenges that await your organization on the road ahead. It will keep you from getting overwhelmed with today’s tasks at the expense of tomorrow’s opportunities. It’ll be your sextant when the clouds roll in – and in a pinch it’ll even serve as an effective deterrent against riddling cats.

## Would You Play Football Without a Strategy?

**Doug Hohener**, *Creative Works Marketing*, [www.creativeworksmarketing.ca](http://www.creativeworksmarketing.ca)

As I watched my son's football game this weekend, I was struck with how important it is to have a solid strategy to win the game. I know many would debate whether the game is won by good defense or a strong offensive line, but these are mere executables – the game, very few can deny, is won on the best game strategy.

Imagine a game with no strategy, with players not knowing their position or their objective. I can't imagine that game being very successful.

Growing your company requires having a winning marketing strategy, yet surprisingly not all companies have one. Instead, many have a list of tactics or "plays" they should have and then execute on them. Often through sheer luck, the "play" or marketing tactic is successful in the short term, but over the long term of a game or of a business quarter, the tactics run thin and the result is a loss.

To win the season, coaches will set a strategy, which will be tweaked depending upon the battle on the field. Similarly in business, if you want long-term gains, then creating a strategy is the only way to go.

Your marketing strategy should be to influence both existing and prospective customers that your business offers something unique or special – differentiating you from the crowd. If you fail to persuade people that your service is unique or offers "additional value," then your customers' buying decision may simply come down to price alone.

A focused marketing strategy depends on continually explaining and emphasizing how and why your business is not only reliable and represents good value, but is also different (read "better") from the competition in subtle and genuine ways.

With a strategy in place, you could have a championship year! In business, your marketing strategy will lead you to create and implement marketing campaigns and tactics that stay focused on the needs of the target customer, with an emphasis on continuously communicating the benefits of your services over those available from the competition. Do I hear touchdown in your future?

## Do You Know Where You're Going?

**Judith Finley**, *Space 360*

Yogi Berra once said, "You gotta be careful if you don't know where you are going, because you might not get there." This saying by the eminently quotable New York Yankee speaks to me about the importance of developing clarity and vision for my business. In order to achieve your goals, you must know where you want to go, as well as the best route to get there. Focus and planning are essential to being successful in the long run.

## Breaking the Glass Scenario

**Mike Greene**,  
*Greene Moving & Storage*

It's difficult to plan for the future in these uncertain times. The way I've dealt with this is by creating a separate "break-the-glass" scenario of our strategic plan. This way, if things really tank, I've got a game plan of necessary actions to allow us to survive. No one wants to have to pull the fire alarm, but if there's a need, it's best to be prepared.

## Scheduling Strategic Planning

**Kim Christie**, TAB Winnipeg, [www.tab-winnipeg.com](http://www.tab-winnipeg.com)

Schedule your corporate strategy planning sessions during your slower business periods. There are peak times for some businesses when it may be necessary for a business owner to work IN his or her business. Review your sales trends and block off strategic planning time during the sales “valleys.” One obvious strategy may be to look at opportunities to develop business opportunities during these “valleys” to even out cash flow.



## This Holiday, Have a Relaxation Plan

**Philip Spensieri**, TAB York, [www.tabyorkregion.com](http://www.tabyorkregion.com)

As business owners, I know you are sincerely passionate about your business, But at this time of the year, even while your business may be enjoyable, it doesn't mean that your body and your brain don't need a break from the constant stimulation.

As a mentor to many business owners, burnout, exhaustion and overwork is something I see often. Sometimes, we may feel guilty taking a break knowing that there is always work to be done and room for improvement. Don't let yourself forget that innovation, new ideas and renewed energy are products of mental and physical rest. If the only reason you take a break this season is for your business to reap the benefits of a well-rested leader, then make sure that you do it!

This holiday season be as diligent with your relaxation plan as you are with your business plan. Turn off your devices and let your mind breathe through exercise, a good night's sleep, getting caught up on some leisure reading and engaging with the people around you. You, and your bottom line, will thank yourself later.

## Strategic Industry Analysis Tool

**Daniel Marriott**, *Spectra Symbol*

In deciding whether to pursue a new line of business it is helpful to have a tool to help in making the decision on more than gut feelings and optimism. I use “Porters Five Forces” industry analysis, a simple but powerful tool for understanding where power lies in a business situation. The five forces are:

1. Supplier Power
2. Buyer Power
3. Competitive Rivalry
4. Threat of Substitution
5. Threat of New Entry

This analysis is useful because it helps you understand both the strength of your current competitive position, and the strength of a position you're considering moving into.

## *That Which Gets Measured Gets Improved*

**Lawrence Stopa**, *E-Power Marketing Inc.*

In our TAB Board meetings, we often discuss opportunities to improve financial performance, including the importance of identifying and consistently measuring the key metrics driving the business. Preparing financial statements each month takes time and the statements are often unavailable for several weeks. Additionally, financial statements provide a comprehensive view of performance and the impact of a single business change is too easily masked over. For this reason, we identified a few key metrics that can be calculated quickly and help us measure the “cause and effect” of planned changes.

Revenue per Payroll Hour is one of our key metrics. It is calculated by dividing the total revenue invoiced during the month by the total payroll hours of our employees directly serving clients. A rising Revenue per Payroll Hour means that labor efficiency improved for one of three reasons – revenue improved, payroll hours dropped, or both. This ratio is valuable because it directly links a financial value, revenue, to an operating term, payroll hours. After tracking this metric for a year, we accumulated a substantial database to measure the impact of changing the way we do work. Reorganizing our process for serving clients or even scheduling vacations, for example, and then tracking the rise or fall in this metric, helps us determine if the change is effective.

## *Create a Planning Team for Decision-Making*

**Jason Zickerman**, *The Alternative Board*, [www.thealternativeboard.com](http://www.thealternativeboard.com)

In a small or medium-sized business, it's common to be the only one making decisions about every aspect of your company—thus the saying, “it's lonely at the top.” No matter how large or small your business is, being the sole decision-maker for the company can be difficult and may impede your company's success. It can become challenging for one person to constantly think of better ways to improve the business or make sure he or she has the most innovative ideas. Having the contributions of a planning team will help your company grow and become more successful, and should be an essential part of your strategic business plan.

Planning teams are comprised of your company's top executives from each of your functional departments. The goal of the planning team is to have

## *Using Annual Reports for Industry Benchmarks*

**Marcel Vouriot**, *Vomar Industries Inc.*

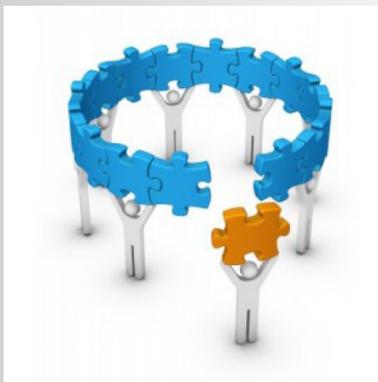
Are any of your competitors public companies? Annual reports from public companies are a great source of competitive intelligence (KPIs, benchmarks, industry trends) for your business. You may want to buy one share in the public company to automatically receive their annual report and quarterly updates. You may also want to develop a “mini” annual report with a 5 - 10 year history of key numbers for your company. This can be very useful when looking for new financial partner, hiring key employees, and negotiating with new suppliers or customer prospects. Your own annual report can also help you to obtain top dollar if you decide to sell your company.



# Updating Your Fiscal Budget Strategically

John Unger, MIS Corp

All too often we find our new TAB Members going through the exercise of creating a fiscal budget for the first time, then shelving it and not using it to monitor their progress and make adjustments as the year progresses. Set your budget up in a line by line comparison to your Profit and Loss statement, set review targets such as line items that are different by greater than 5%, and bore in monthly to change the budget for increased revenue or to adjust your yearly plan to the actual progress being made. What is most important is that you use your budget to help you manage your business. A budget can be a management tool in many ways not the least of which is helping you focus on where you are committing the resources you possess.



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candid discussion on all business planning and action items essential to moving your company forward—from resources to operations to company strategy. Our corporate planning team follows the Strategic Business Leadership® (SBL) process and has experienced great success utilizing it. SBL provides a structured and organized framework for your team to productively discuss and plan the strategic direction of the company. Remember: always make sure your planning team stays in alignment with the owner’s personal and business vision.

Once you decide to implement a planning team, it is imperative to have established guidelines before the first meeting and to continue to follow these guidelines at each meeting. Reviewing them before meetings will help keep your planning team focused on the group goals. For example, we use “TABenos” as our communication guideline. TABenos represents communication defined by honesty, respect, trust and openness with yourself and the other planning team members. This specific guideline enables each member of the team to experience an environment conducive to idea sharing and exchange.

Here are a few simple guidelines to keep in mind when forming your planning team:

- Stay focused on the main issues
- Avoid micro-managing
- Avoid interruption as much as possible
- Inform the employees who are not on the planning team about plans and progress, as well as the necessity and importance of having planning team meetings
- Never cancel your planning team meetings unless absolutely necessary
- Meet as frequently as you can. Our team meets weekly, but at a minimum, you should meet once a month.
- Occasionally invite other project managers or key contributors to the meetings to update the planning team on various projects, as necessary. This gives team members a sense of contribution in the company.

To ensure each planning team meeting is productive and time-efficient, revisit the rules and guidelines often. Also, spend time with individual planning team members to make sure they understand the value of a planning team and how their individual contributions help to foster a positive planning team experience. When conducted effectively, a planning team can be and should be inspiring and liberating for the business owner and team members.