

The River Heights View

River Heights Consulting

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Four and a half minutes to better strategic planning By Frank Hurtte and Dr. Phil Hall

Strategic planning is an important slice of the management pie! Everybody uses it, from Fortune 100 companies to Johnny's greasy spoon down on the corner, from big non-profit organizations to the group of guys who run your kids little league team. The idea is the same, but (and it's a big one), the specifics of each plan will be written in the language native to the organization. In the next four and a half minutes, we are going to give you some valuable thoughts on driving your own Strategic Plan.

The Goal

All planning is determined by goal. As simplistic as it might sound, no goal equates to no plan. Goal, Objective, Target, Measure, or Standard; it doesn't matter what we call it, but we must have one. They are the essence, the picture of our future results. All planning is forward thinking. It is based on future achievement. We must have somewhere or something where we are seeking to arrive and that we are seeking to accomplish. This then becomes the basis of all ensuing steps. We might want to double our number of customer, increase our gross margin percentage, and/or decrease our cost-to-sale ratio. These desired results drive our decisions and choices. As you begin the process think about your goals. Begin writing some down for future reference, do not worry about significant versus small, we will talk about sorting them out later.

The Environment

We must have a strong understanding of the context within which we are planning to reach

our goal. Whether we are running a distributorship where we want to expand our territory or managing a minor league baseball team, there is an environment around us. There are competitors, vendors, employees, bankers, substitute products, etc. We have to analyze all of these factors and how they influence our ability to reach the goal. Understanding the key resources necessary to carry out our plans is a must do. Since we are not planning in a vacuum, all of the dimensions of our current and

"If you know the enemy and know yourself, you need not fear a hundred battles"
Sun Tzu

future situation become input to the planning process. We can not do something that we do not know how to do or that we can not afford to do. And, we should not do something on which our customers place no value. If you have not thought about customer value, we suggest you revisit The Goal and add "understanding customer value" to your list. As you proceed, list the issues you feel affect the overall environment of your business or organization.

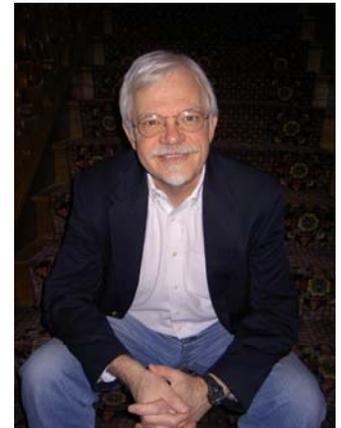
The Art of War

In his book "The Art of War" Sun Tzu said, "If you know the

enemy and know yourself, you need not fear the result of a hundred battles." We need to know where we are strong and where we are weak compared to the competition. Use your planning process to maximize your natural strengths and, if possible, match your strengths against your competition's weakness. For example, if you are a "value-added" based distributor, begin thinking where you can apply this strength against your "logistic based" competitor. As a "value-added" supplier, you most likely will not be able to go toe-to-toe in a price fight. Now begin thinking of your own organization's relative strengths and how they line up with your competition. If your list of competitive strengths features "screwed up less than the other guy", you should revisit the list.

The Action Plan

We have a goal. We understand the situational environment. We are thinking about our competition. We are off to a good start. Now we must delineate our action plan. These are specific actions and activities that we are going to execute (as an organization) to move toward our goal. The action plan must be internal to the organization and specifically under the control of the organization. For example, one action step may be to add a product specialist to your sales force. Another might be to set up value measurement training. Every action plan must be logically related to the goal. Actions not related to achieving the goal are a waste of time and manpower.



Frank Hurtte of River Heights Consulting combines "in the trenches" experience with long range strategic thinking.

About the authors...

Frank Hurtte has 28 years of real world experience and is available as a speaker and executive coach. He has written a number of articles and white papers on distribution and the selling process. Frank has helped a number of businesses and not-for-profit corporations through the strategic planning process. You can contact Frank or Phil at 563-514-1104 or through www.riverheightsconsulting.com.

Phil Hall has 25 years of university level teaching experience with over 15 years spent in MBA Programs. During the 1990's Dr. Hall was recruited by St. Ambrose College of Davenport, Iowa. At St. Ambrose, he has served as the Chair of Managerial Studies as well as conducted numerous courses in the undergraduate and post-graduate curriculums.



Planning does not need to be a time consuming process. In fact it is a time saving process. Let River Heights help you get off to a strong start.

“Plans are nothing... Planning is everything.”

Dwight D. Eisenhower



Let River Heights Consulting assist you on with your strategic business issues.

The Power of Ownership

Every plan must have a goal and every action in the Action Plan must have an owner. The assignment of responsibility (for each action) is directly related to The Action Plan. Great American inventor Charles Kettering said, “If you want to kill any idea in the world, get a committee working on it.” The same is true with actions. The surest way to make sure something doesn’t happen is to put it out there in general and let everyone think that someone else will do it. Individual ownership is paramount. Individual responsibility ensures that everything is being done that can be done to drive toward the goal. Names must be assigned and individuals held accountable for each of the actions in the plan. Teams can and should share in the workload, but each team should have a leader specifically responsible for the team’s total work. It is recommended that the team have subdivided assignments each with a specific owner. As you think about laying out your own ownership plan, think about ways to match the strengths of individual members of your organization to the job at hand.

Objective not Subjective

Underlying the steps above is the concern for measurability. For instance, improving customer’s attitudes about our service is not a goal. However, improving customer retention by 10% year over year is a goal. There must be numbers and measurable data in the plan. The goals must be measurable. Without metrics, you won’t know if you have

reached your goal. And, without metrics you will be tempted to settle for “good enough” rather than excellence. There also should be intermediate targets and objectives within the plan. These can be milestones that are measured and evaluated along the way. These will help us measure our progress and let us gauge whether we need to add more resources. If we want to increase our performance by reducing the number of shipping errors by 20 percent per year, we do not wait until the end of the year to count. Instead, we set up checkpoints every month or quarter to see how we’re

These 7 essentials were not developed by rocket scientists in New

Mexico.
Frank Hurtte

doing. This can reinforce positive results or sound the alarm when we need to change what we are doing. There always must be specific numbers and measurable counts and these need to be tied to a time base.

Communication the Final Ingredient

The final essential is communication. You as the Owner, President or Branch Manager might formulate a plan but it is unlikely that you can carry out the plan as an individual. There will be Salesmen, Customer Service workers, warehouse depart-

ments, teams, and Product Specialists with assignments and responsibilities within the plan. Everyone must be part of the plan, know their roles in the plan and understand how their progress compared to the whole, preferably in specific numbers. There should be constant reinforcement of ownership, mutual goals and updates on changes to the environment. To know is to have power, and you should work to keep everyone in the loop and empowered. Two common complaints of disgruntled team members are: it is not clear why they are being asked to do something in a particular way, and what they are doing makes no sense relative to the statements of organizational vision and mission. The plan must be an integral part of organizational communication. Never miss an opportunity to talk about the plan and progress to the plan. Sales meetings, product training sessions, retirement celebrations, and new employee orientation sessions all provide great opportunities to talk “The Plan”.

A Parting Thought

These seven essentials are neither top secret nor were they developed in a rocket scientist’s lair deep underground in New Mexico. For the most part they are good old fashioned common sense. You probably found yourself nodding in agreement as you read along. They must all be done and done well for the organization to succeed in today’s business environment. Leave out a step any one and your plan will lose its effectiveness.

GOALS; ENVIRONMENT; ART OF WAR; ACTIONS PLANS; OWNERSHIP; OBJECTIVE; COMMUNICATION

River Heights Consulting: The Story behind the Story.

River Heights Consulting was founded by Frank Hurtte to address the needs of the distribution channel. Frank Hurtte, RHC Founder, is fond of saying, “In sports, everybody wants to practice running, but in the

game, it’s the hand-off that makes the difference.” Whether the hand-off is between distributors and their suppliers, distributors and their customers, or between multiple distributors, River Heights can help. To re-

ceive complimentary issues of “The River Heights View” please send an email to; info@riverheightsconsulting.com Frank and his staff would like to hear from you.