



Putting Your Business Plan to Work!



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Today's Topics

- The need for planning!
- Your vision for the future!
- Strategic business planning to make it happen!



Why plan?



Anecdotaly... (+/5%)

15% EXIT

35%

35%

15%

What is different about the high performing firms?

A photograph of a US dollar bill hanging from a tree branch, symbolizing high performance or success.


10,000 hour rule

The key to success in any field is simply a matter of practicing a specific task for a total of 10,000 hours.


A golden hourglass, symbolizing time and practice.

Source: *Outliers*, Malcomb Gladwell


How do they spend those 10k hours?



innovating and reducing costs within the supply chain.



tweaking existing or developing new value proposition(s).



generating enough working capital to outlast competitors.

They also do a better job planning!

“Plans are nothing, but planning is everything.”
-- Dwight D. Eisenhower

Traditional business planning

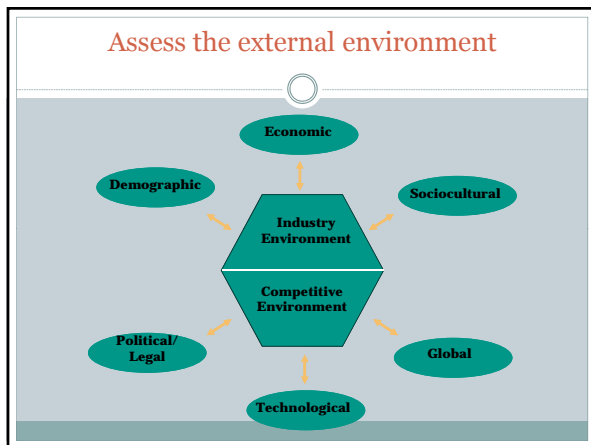


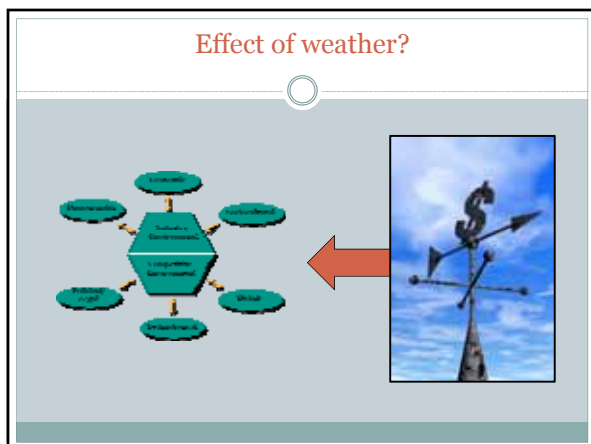
- Executive summary
- Company description
- Management & organization
- The market and competitors
- The product or service
- Marketing, sales, & service plan
- Financial plan

Strategic business planning

- Assess the external environment.
- Assess resources and capabilities internally (value chain).
- Formulate a vision and supporting goals.
- Develop an overarching strategy and implementation plan.
- Evaluate, monitor, and adjust.









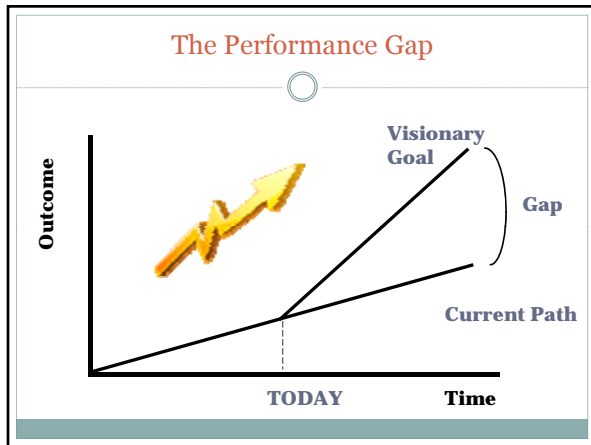
Assess internal environment

- Resources & capabilities
- Value chain analysis



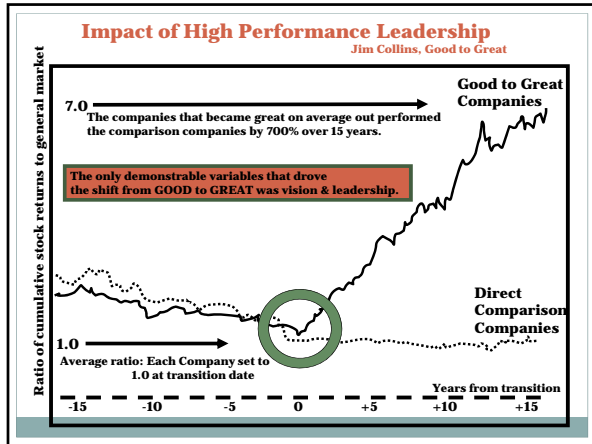


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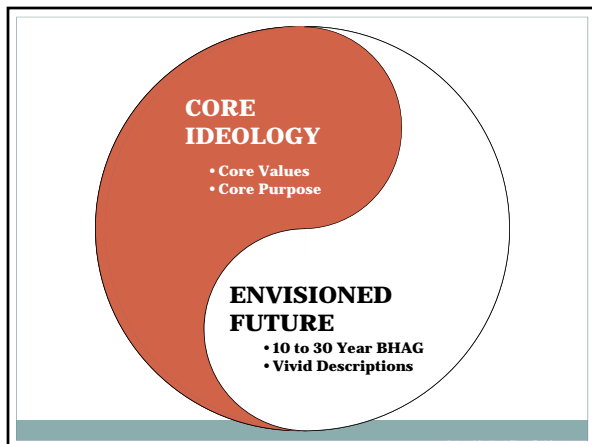
How do we close the gap?

- Define your current position
with respect to customer needs, competitors, and the general market situation.
- Determine your goal
of where should your firm be in 1 to 3 years?
- Evaluate your firm and your market
strengths, weaknesses, opportunities, threats
- Start down the path that will lead to your goal
short- and long-term action steps to move toward your target.



A well-conceived vision consists of:

- 1. Core ideology** defines what your company stands for and why it exists. It is unchanging.
- 2. Envisioned future** is what your company aspires to become; to achieve; to create. Requires significant change and progress to attain.



Core values

- essential and enduring tenets
- a company's "genetic" code
- timeless guiding principles
- require no external justification
- are important only to us
- have to be authentic
- reflect your passion



Core purpose

- reason for being
- reflect idealistic motivations
- captures the soul of the firm
- forever pursued, never reached
 - cannot be fulfilled
 - guiding star
 - 5 why's



Big Hairy Audacious Goal


- commitment to a huge, daunting, noble challenge.
- clear and compelling
- unifying focal of effort
- acts as a catalyst for team spirit
- clear finish line
- tangible and energizing
- get it right away
- it takes little or no explanation.



C. Raker & Sons Our achievements will be the benchmark by which other companies measure themselves.

Vivid Description

- vibrant, engaging description
- translated from words into pictures
- creates a mental image
 - passion & emotion
 - conviction

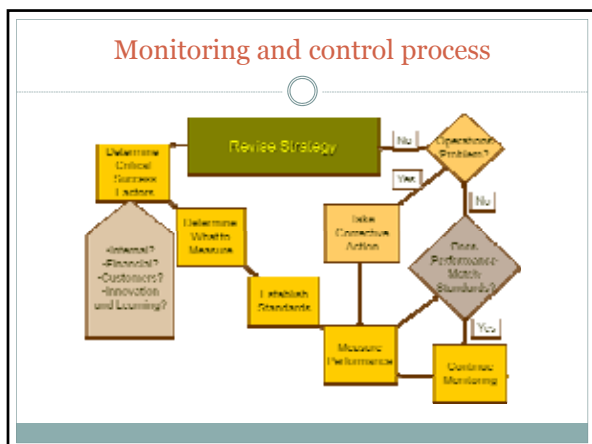


Putting it all together

Graniterock's Vision	
Core Ideology	Envisioned Future
Core purpose <ul style="list-style-type: none">• To provide ever-improved products of lasting value	BHAG <ul style="list-style-type: none">• Become a role-model, total-quality company by the standards of any industry.
Core Values <ul style="list-style-type: none">• Integrity• Continuous improvement as a way of life• Customer satisfaction• People growth & development• Job ownership	Vivid Description <ul style="list-style-type: none">• As people-oriented (as HP)• Unsurpassed customer service (as Nordstrom)• Continually gain market share despite a price premium on our products• Studied by business schools• Win Malcolm Baldrige National Quality Award

Overarching strategy options:

1. Become a low-cost operator and play the volume game.
2. Differentiate in some way - specialize by product, service, customer type, or geographic area.
3. Increase customer value via horizontal and/or vertical coordination.




Connecting strategy and execution

- Effective daily execution is not a problem.
- But strategy may become dated (external Δ's).
- Adjusting “sails” while executing is the challenge.



KSF's

- Right teams
- Right skill sets
- Right culture
- Communication
- Shared metrics



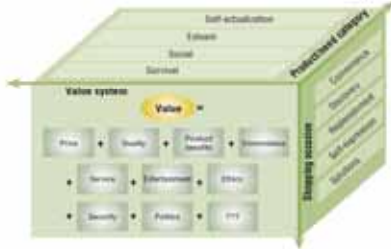
We are good, but are we great?

- Greatness requires conscious choice and discipline...
 - The “hedgehog concept”
 - » “The fox knows many things, but the hedgehog knows one big thing.” (Antilochus).
 - » The hedgehog concept involves doing a few things better than anyone, being passionate about it, and being known for it.

The value proposition is more important than ever!

Consumer value systems are increasingly complex and vary by product, need category, shopping occasion and other factors.



Source: IBM Institute for Business Value, analysis adapted from Reed Tuckman and "Marketing", Dale W. Johnston

Those who see the invisible can do the impossible!

-- Carl Mays



For more information



Ellisonchair.tamu.edu
