

A PLANNING PROCESS THAT WORKS!

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By Randy Walton

OVERVIEW

You have to "know" in order to say "no"!

Believe it or not, the hardest word for most executives to say is, "no!" This problem is especially true when it comes to turning down the latest opportunity or idea from a key company leader. In challenging economic times, the issue can become even more intense. Why *not* chase down potential new business opportunities when a downturn is causing declining revenues and profits in core areas?

There are a number of very good reasons why successful executive teams will want to fully understand the business strategy and make decisions to execute plans with as few distractions as possible. But in order to avoid unproductive distractions, executives must have more than a strategy and a plan – they must know how to effectively evaluate new opportunities and accept, reject or defer them based upon how well they fit into the existing portfolio of strategically important initiatives.

Have you ever watched the behavior of a dog when feeding? If you place a bowl of food in front of a dog, he will dine contentedly until you place another bowl on the floor. Immediately, he will move to the new bowl to see what it contains. Continue the process and the dog will explore new bowls all day, never finishing any of them.

Humans, too, can sometimes look just like those animals -

pursuing every opportunity that is put in front of us, susceptible to the trap of seeking immediate and greater gratification, and never realizing the value of what's already on our plate. More often than not, this approach results in the misallocation of our time and talents. It is the ability to stay focused on the execution of a well-planned strategy that separates long-term success from mediocrity at best, and corporate failure at worst.

"However beautiful the strategy, you should occasionally look at the results."

-Winston Churchill

There are three key principles that will enable you to develop your strategy and say "no" to the attractive distractions that will prevent you from achieving your goals:

- 1. A systematic and effective Strategic Planning Process;**
- 2. Relentless execution of strategy and achievement of goals; and**
- 3. An intentional process for the evaluation of new opportunities.**

STRATEGIC PLANNING PRINCIPLES

Principle #1: Effective strategic planning does not need to be overly complex, but must involve a systematic development process and strategy for execution.

If you are considering beginning a strategic planning process, here are some important things to keep in mind:

- Identify specific measurable goals and outcomes for your process,
- Include key leaders from each area,
- Use a skilled and objective facilitator,
- Clearly define a plan for implementation, and
- Own the process and outcomes!

Define the results you want to see in detail. You should be able to develop a detailed outline of what you want in a strategic plan. Keep it simple, but make sure each area of your business is covered. You can refine the process further as you mature your planning approach, but don't overload your management team if you are just beginning.

Including a variety of leaders from across your organization will bring unique perspectives to the process and help ensure that the larger team will buy into the outcomes. While many groups have experienced facilitators within their firm, using an outside facilitator can provide structure for the planning process, accountability for completion, and objective insights.

Principle #2: Relentless execution of strategy and achievement of goals

A loosely made decision about a business strategy will quickly be undone under the confusion or excitement of a new opportunity or circumstance. On the other hand, a management team with a well-designed strategy and a commitment to execution will be able to focus on the day-to-day demands of achieving their goals.

"Leaders, to execute, must focus on a very few clear priorities that everyone can grasp."

*-Lawrence Bossidy
former chairman and CEO
Honeywell International and
Allied Signal*

Similarly, a profound but often overlooked difference exists between a *strategy* and a *goal*.

Goals define the OUTCOMES we desire for ourselves or our businesses, while strategies are the statements that define HOW we will pursue our goals and make a connection to WHY we will do something. In effect, strategies are guardrails to decision-making because they impose limits

on our choices. Too often, however, the word "strategy" is used interchangeably with both *goals* and the *tactics* that are adopted as a part of business practice.

We observed one multi-line, multi-national business that had developed a stated "strategy" of 10% year over year EBITDA growth while maintaining existing market share in existing product segments. In fact, these were goals that – without further strategic direction – led to issues that began to impair their ability to grow:

- *Different business unit leaders were staking claim to the same adjacent market opportunities but using different approaches;*
- *There was no agreed upon capital spending criteria to evaluate the varied opportunities presented; and*
- *Critical alignment issues showed up between the operating business units and the corporate marketing, sales, finance, and operational leadership groups.*

The organization was forced to stop all initiatives until it could 1) define a set of strategies that would direct the actions of groups to work together and 2) establish common guardrails for decision-making to ensure a consistent approach to value creation. With clear strategies to define specific actions, initiatives and expected results, confusion was resolved, cooperation led to a reduction in capital costs, and new strategically-aligned opportunities were identified and pursued.

Strategy statements are not always hard and quantifiable but they are often the most powerful reflections of the real beliefs and expectations of the leadership team. Without them, even the most well-articulated goals will fail to inspire the actions necessary for success. At the same time, strategic statements without clear, time-defined goals will leave business leaders with too much latitude to pursue virtually any course, creating conflicts and misalignment throughout an organization.

Principle #3: You must have an intentional process for evaluating new opportunities efficiently and effectively.

All too often our response to a decision is based on the most immediate and apparently logical resources we have available: our own emotional reactions and/or persuasion by those we trust. While most executives would not regard themselves as driven by either emotion or external persuasion, we are all guilty of making decisions based – in the absence of adequate facts – on a variety of qualitative factors.

In an environment where ambition exceeds resources, though – *and where is that not true these days?* – it is imperative that new opportunities are fully scrutinized within the context of agreed upon goals and strategies so that any new resource requirements create a net gain in value creation for the organization.

New ideas and opportunities can accelerate an organization's success, of course, but they are inherently disruptive to strategy and execution in two ways:

1. They demand attention and resources simply to evaluate their viability.
2. They challenge priorities and introduce alternatives outside the scope of existing plans.

This kind of disruption can be positive force in an organization and industry that thrives on innovation. The key, though, is to quickly evaluate new business opportunities based upon how well they fit into your current business strategy (and by extension, your organizational goals). Of course, this assumes that your goals and business strategy are clearly defined and understood within the organization.

Key Point: a meaningful and consistent process to evaluating new opportunities must ensure that key executives are included at important decision points.

Without a formal evaluation process, executives are often left to create an approach ad hoc, accommodate persuasive demands for action, or block an idea from further consideration without due diligence. This can lead to inconsistent evaluations of new opportunities, claims of favoritism (and vice-versa), the perception of management as closed to organizational input and innovation, and more. Having a thorough and consistent decision-making process in place will keep untenable ideas from getting to the executive level – saving time and money – while creating an open and transparent seedbed for good ideas to be massaged, revised, and transformed into the great ideas that inspire your people and make strategic growth a reality.

PUTTING IT ALL TOGETHER

Once you have a clearly articulated strategy and a plan to achieve your goals, you can begin to evaluate any incoming "opportunity" with a clear mind. Does it fit within your strategy and will it move you closer to your goal? Does it conflict with any other strategies in your business? You will be able to stay focused on execution and innovation – without wasting precious resources. All it takes is a well-designed plan, a commitment to executing on your goals, and a meaningful process for evaluating new opportunities. Given the challenging economic pressures of today, the results of adopting these principles will prove well worth your efforts.

"Have a plan. Follow the plan, and you'll be surprised how successful you can be. Most folks don't have a plan. That's why it's easy to beat most folks."

**- Paul "Bear" Bryant
6-time National Champion football coach
University of Alabama**

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