

Hope is not a Strategy

Driving Success in Turbulent Times

May 27, 2009

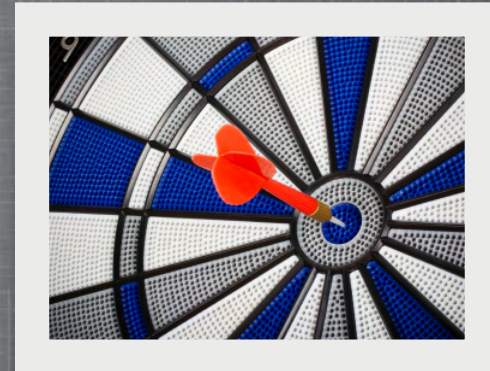


WHAT'S CHANGED?



- Leaner organizations with fewer resources
- Great sensitivity to the spirit of frugality
 - Greater temptation to compete on price
- Compressed timeframes for new initiatives
- Fewer but more vigorous, focused competitors
- Longer sell cycles – more hesitancy and deliberation
- Less certain, more demanding access to capital
- General discomfort about lack of predictability
- Improve collaboration with all of your constituents
- Demand for operational excellence

OPPORTUNITIES & CHALLENGES?



- Opportunity to strengthen employee engagement
- Better tools and metrics for planning & forecasting
- Strengthen value proposition with your customer
- Streamline the supply chain to gain greater velocity
- Need for enhanced personal productivity
- Work harder to strengthen trusted banking relationship
- Focus compensation on Pay-for-Performance
- Relentless focus on communication with all constituents
- Must achieve rapid and sustained cost management
- Attract stronger talent at competitive pay scales
- Critical importance of S.M.A.R.T. Action Plan

S.M.A.R.T. ACTION PLAN



GOAL: Gain Competitive Advantage

- Let's Demystify Strategic Planning – it's simply a
 - **DECISION-MAKING PROCESS** to
 - **PRIORITIZE** the
 - **OPPORTUNITIES** you have – pursued within
 - **PRIMARY SCENARIO** – converted to
 - **ACTION STEPS** that will propel your
 - **COMPETITIVE ADVANTAGE**

WHAT IS A S.M.A.R.T. ACTION PLAN?

 **S**pecific

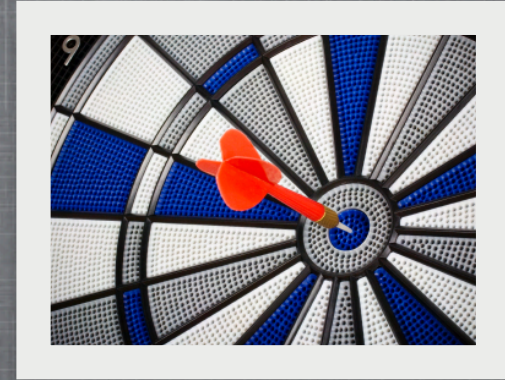
 **M**easurable

 **A**ccountable

 **R**ealistic

 **T**rackable

S.M.A.R.T. ACTION PLAN 8 STEPS



1. Identify All Opportunities
2. Establish Primary Scenario
3. Examine the Competitive Landscape
4. Finalize Top Strategic Decisions
5. Create Strategy Statement
6. Complete SWOT & Set Goals
7. Establish Executive Dashboard
8. Implement S.M.A.R.T. Action Plan

6

1. Field of Dreams

2. Primary Scenario

3. Competitive Landscape

4. Strategic Decisions

Current Capabilities

Financial Capacity

External Factors

External Factors

Personal Strategy

1. IDENTIFY OPPORTUNITIES



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PRIMARY SCENARIO

Current Capabilities

Competitive Analysis

Personal Strategy

External Factors

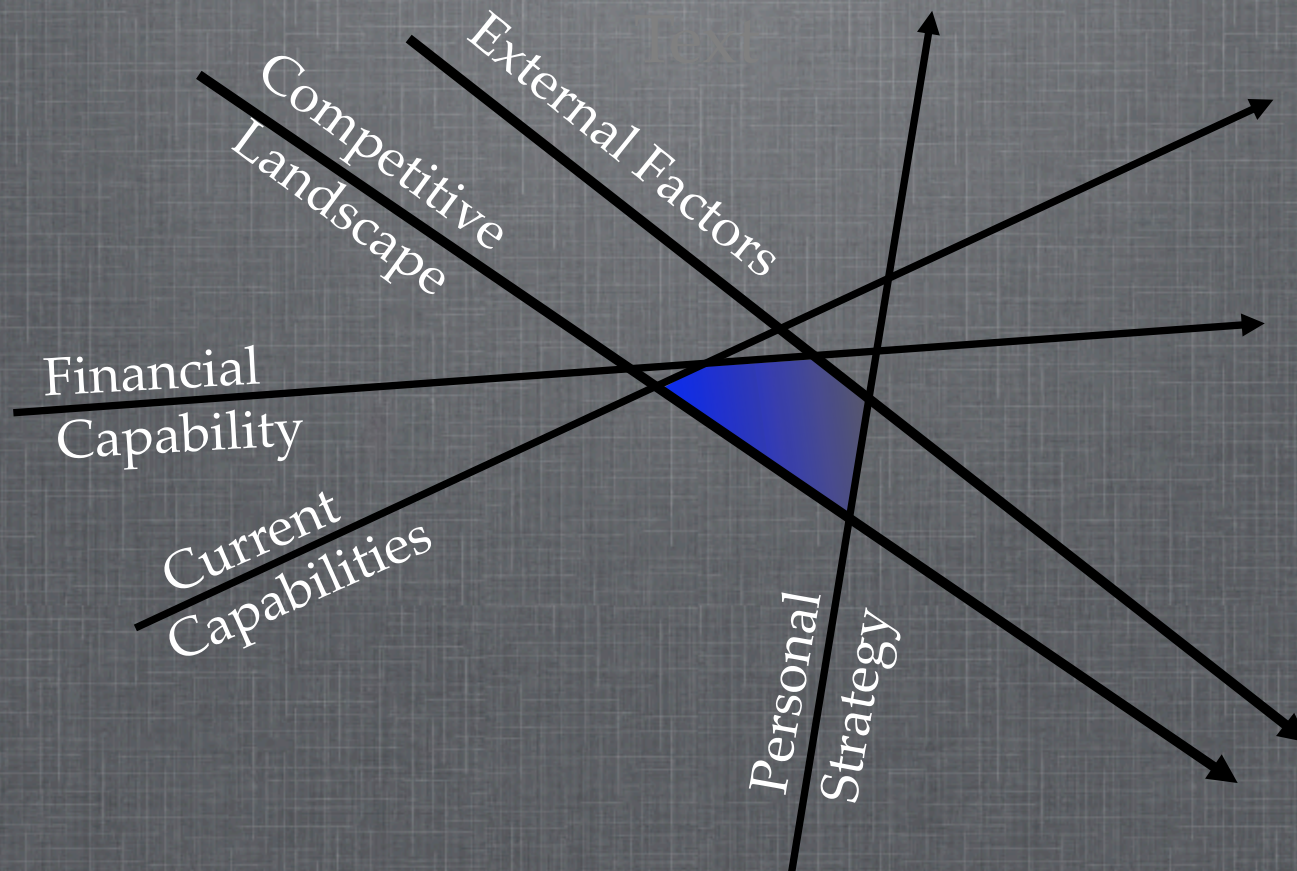
Financial Capacity

STRATEGIC
DECISIONS

Current Customers

Products/Services

2. PRIMARY SCENARIO



Source: Applied Business Solutions, Inc.

PRIMARY SCENARIO

External Factors

Economic Environment

Industry Trends

Business Cycles

Demographic Trends

New Product Development

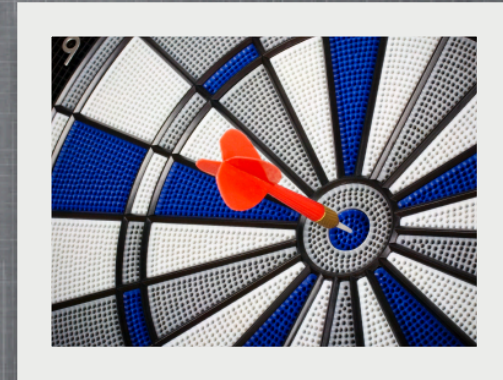
Regulatory/Government

Technology Changes

4. PRIMARY SCENARIO

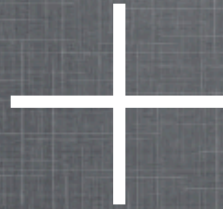
	Factor #1	Factor #2	Factor #3	Factor #4
Current Capabilities	Highest Quality Products	Preventive Maintenance Program	Exceptional Engineering Capability	24/7 Phone Support
External Factors	Great Recession will continue	Imports increasing dramatically	Technology Changes affect 20% Products	Industry Consolidation hit 30% Last 2 Years
Financial Capacity	Meet Financial Covenants	Cash Break-Even or better at all times	Limit Borrowing to 70% Capacity	\$500K CapX Budget
Personal Strategy	Maximize Technology	Find new product line	Innovation	Grow this year by 20%

3. COMPETITIVE LANDSCAPE



- Create Competitive Matrix of Products & Services
- “Go To Market” Framework
 - What is it?
 - How do we evaluate our competitors?
 - What Opportunities should we pursue?
- Make Strategic Decisions to achieve Competitive Advantage

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PRIMARY SCENARIO

Current Capabilities

Competitive Analysis

Personal Strategy

External Factors

Financial Capacity

STRATEGIC
DECISIONS

COMPETITIVE MATRIX

Competitors	HIGH END	Competitor #2	Competitor #3	CHAIR CO.
Products/Services				
Tables	1			
Chairs	2	1		1
Sofas	2		1	
Patio		2	1	
Bedroom		2		
Installation		2		
Repair	1			2
Low Prices		1	2	
Design			1	
Delivery	2			1

“GO TO MARKET” APPROACH

PRIMARY SCENARIO

Competitive Analysis

Market Responsiveness

Product/Service Superiority

Production Efficiency

Natural or Human Resources

Market Dominance

Short-Term Profits

Method of Sale

Distribution Method

Technology Advantage

"Go To MARKET" APPROACH

Competitors	HIGH END	Competitor #2	Competitor #3	CHAIR CO.
Differentiator				
Market Responsiveness	1			
Product/Service Superiority	1	3		1
Production Efficiency			1	
Natural/Human Resources		2	2	
Market Dominance				3
Short Term Profits	3			
Method of Sale				
Distribution Method	2	1		1
Technology Advantage			3	

Market Responsiveness

High End

One Day Delivery

Etc.

Product/Service Superiority

High End

Chair Co.

Comp #2

Add New Product Line

Technological Advantage

Comp #3

Acquire Sacramento competitor

Natural/Human Resources

Comp #2

Comp #3

Hire 2 Sr. Engineers

Hire 2 Experienced Sales Reps

Market Dominance

Chair Co.

Loyalty Program

Distribution Method

Chair Co.

High End

Comp #2

Upgrade Web Site

Etc.

Short Term Profit

High End

Hire Cost Accountant

Production Efficiency

Comp #3

Etc.

Method of Sale

4. STRATEGIC DECISIONS

	Choice #1	Choice #2	Choice #3	Choice #4
Current Capabilities	Add exclusive German product line	Buy upgrade to Preventive Maint Db	Hire 2 Sr. Engineers	Strengthen & Upgrade web site
Competitive Landscape	Hire 2 Sr. Engineers	Add 2 Experienced Sales Reps	Acquire Sacramento competitor	Strengthen & Upgrade web site
External Factors	Loyalty Program	One Day Delivery	Add exclusive German product line	Add 2 Experienced Sales Reps
Financial Capacity	Add 2 Experienced Sales Reps	Loyalty Program	Strengthen & Upgrade web site	Hire cost accountant
Personal Strategy	Acquire Sacramento competitor	Add 2 Experienced Sales Reps	Hire 2 Sr. Engineers	Add 401k and Employer Match
STRATEGY				

5. STRATEGY STATEMENT



● Three Core Elements

● Goal

- What is the end you are trying to achieve?

● Scope

- What is the domain in which you will operate?
 - Customer Offering
 - Geographic Location
 - Vertical Integration

● Advantage

- What is the key competitive advantage that will get you there?

EDWARD D. JONES



Grow to 17,000 financial advisors in 2012 (from about 10,000 today) by offering trusted and convenient face-to-face advice to conservative investors who delegate their financial decisions, through a national network of one-financial-advisor offices.

6. S.W.O.T. ANALYSIS

Strengths	Weaknesses
How do we build on them?	How do we fix them?
Opportunities	Threats
How do we seize them?	How do we avoid them?

23

7. S.M.A.R.T. ACTION PLAN



“GET ‘ER DONE!”



7. S.M.A.R.T. ACTION PLAN



S.M.A.R.T. ACTION PLAN

May 27, 2009

"WHO'S going to do WHAT by WHEN?"

BASED ON

STRENGTHS

WEAKNESSES

OPPORTUNITIES

THREATS

GOAL	S.M.A.R.T. OBJECTIVE	"WHAT"	"WHO"	"WHEN"	
-- Strengths				2009	2010
Expand Preventive Maintenance capability	Identify Software Upgrade choices		Bob	July-31	
	New Product Software required		Bob	August-30	
	What Expert Training is required and for what product?		Sally	July-31	
	etc.		etc.	etc.	etc.

Simple Spreadsheet Example

- Any Tracking or Db format will do ... But DO something!
- Success Factors Strategy Execution Template

8. EXECUTIVE DASHBOARD



- Critical Tool of Implementation
 - Monitor Success of Action Plan
 - Early Warning System
 - Track Financial Covenants
- Keep it “short and sweet”
 - Not substitute for Financial Statements
 - Other metrics NOT financial
- Use as a metric for Daily Huddle

ACTION PLAN



- Great companies have HIGHLY INTEGRATED their **PLANNING, EXECUTION & PERFORMANCE MANAGEMENT**
- Link these common elements
 - S.M.A.R.T. Action Plan
 - Operational Planning
 - Performance Measurement
 - Reporting
 - Milestones
- NOT spreadsheets but a comprehensive, integrated solution

Track your Goal Alignment



Goal Alignment

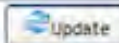
Goal Completion

Dashboards

Filter Options | Date Options

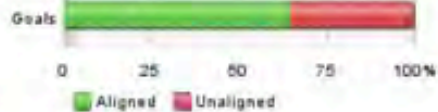
Goal Management Dashboards

Last updated Tuesday, May 12, 2009 10:04:22 PM PDT

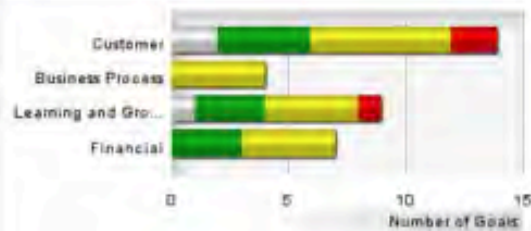


Filter Summary

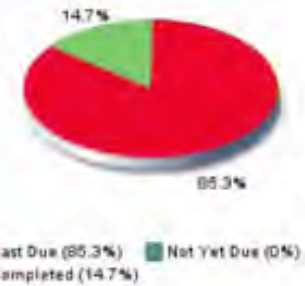
Aligned Goals



Goal Status



Goals by Completion



Goal Year Range

5 goals are completed

WEBINAR WORKSHOP SERIES



- Seven stand-alone workshops via LIVE Webcast in June
 - Scenario Planning: **What's the situation?**
 - Competitive Landscape: **What's everyone else doing?**
 - Strategic Decisions: **What are we pursuing?**
 - Strategy Statement: **What's unique about us?**
 - SWOT & Goals: **Where are we headed?**
 - S.M.A.R.T. Action Plan: **How will we get it done?**
 - Executive Dashboard: **Are we making progress?**

SUMMARY



- Focus on what you CAN control
- Get your ideas on paper - or it's NOT a PLAN!
- Create a 12 Month S.M.A.R.T. Action Plan
 - Opportunities + Scenario = Strategic Decisions
 - Develop supporting Strategy Statement
 - Set Goals to Achieve over Planning Horizon
 - Implement S.M.A.R.T. Action Plan
 - Executive & Execution Dashboard

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