



Albu *On* Strategy

Fall 2006

It's Not a Diet, It's a Lifestyle

It may now be passé to mention, but I was a fan of the Atkins Diet at its peak: the diet helped me lose 15 pounds! The key to my success was my commitment to adjust my lifestyle once the pounds were off. I maintained my target weight by transforming my lifestyle to the Atkins lifestyle.

In the same way, business leaders need to think long-term about strategic planning. CEOs sometimes view the strategy process as a once-a-year event, or worse, a once-every-few-years exercise. But this approach is a recipe for failure. Initially, as the plan is developed and launched, there may be excitement and buy-in by the senior management team. But as time goes by, day-to-day business can eclipse strategic decisions. Even if a company has an initial commitment to a strategic direction, without constant reinforcement, it runs the risk of returning to old habits.

Strategic thinking and planning is a continuous process that needs to become

an integral part of an organization's day-to-day decision-making. Constant and consistent reviews are recommended (1) monthly, to check in on the status of initiatives, and (2) quarterly, to challenge

assumptions, question answers, and address developing customer, competitor and consumer issues and opportunities. This kind of vigilance requires a "lifestyle" change that will align strategy to action and ensure excellence in executing the plan.

A recent McKinsey survey determined that "most companies have a formal strategic planning process, but don't use it to make their most important decisions." In my opinion, this is the result of managers failing to build the planning process into the fabric of management's daily decision-making processes.

In Albu Consulting's experience with management teams, the most successful organizations connect strategic thinking, the strategy plan and the operating plan. The diagram below illustrates how the



process should work, where the leadership team regularly integrates ideas, issues, and opportunities as they take place in the real world, every day.

Strategic planning is not a one time annual event, but rather is the result of building strategy into everyone's day-to-day operating decisions. It's a "lifestyle" change.

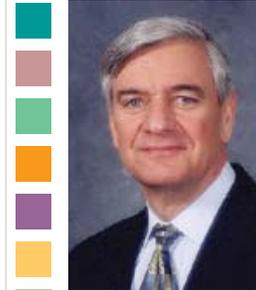
Making Better Decisions with More Confidence

In a special issue of the *Harvard Business Review* (January 2006), an article by Michael Mankins and Richard Steele (partners of Marakon Associates) reinforced our approach to, and experience with, strategy. The article suggested that companies are throwing out their calendar-driven strategic planning processes and replacing them with continuous, issue-focused strategic decision making. These companies have "stopped making plans and started making better decisions," with more confidence.

In the real world, "managers make strategic decisions continuously, often motivated



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Dear Friends,
Longtime readers of this newsletter already know how strongly I feel

about the importance of strategic planning. But making a sound plan is only the first step. What really counts is how you go about implementing that plan.

Two things are implicit in every strategic plan: a need for and an intention to change. Unfortunately, as day-to-day operations continue, unless there is constant reference to the plan, the natural tendency to conduct business as usual will prevail.

In this issue we discuss how to facilitate change by making the new strategy a part of the everyday decision process.

We look at the importance of keeping the entire management team focused on the strategic plan, even after the initial excitement has worn off. And we review an excellent book that can help you overcome roadblocks and successfully implement your company's new strategic plan.

Resolving to change is one thing; doing it is quite another. If you are finding the challenge of integrating a new strategic plan into day-to-day decision-making more difficult than you anticipated, we invite you to call *Albu Consulting* at 203/321-2147 or e-mail info@albuconsulting.com to discuss possible solutions.

As always, we welcome your comments, questions and suggestions.

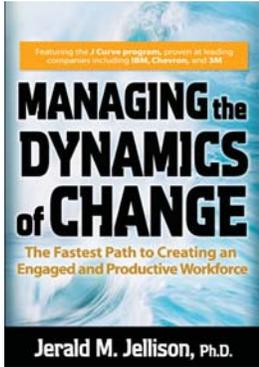
Sincerely,

Dick Albu
President





RECOMMENDED READING



Managing the Dynamics of Change

By Jerald M. Jellison

While business leaders always hope that employees will be enthusiastic about a new strategic direction,

it is always difficult to gain full organizational support in times of change. Jerald Jellison, Dean of USC's Business Academy of the Society of Human Resource Management, suggests some interesting techniques to help employees understand the reasons for change and commit to new efforts. Jellison's book, *Managing the Dynamics of Change*, will teach the reader:

- about the change process, or "J-Curve," which suggests that performance tends to drop off before it rises when employees are required to learn something new.

- new ways to motivate employees that reduce doubt and anxieties, such as the "Activation" process to help employees commit to change efforts.
- to "communicate at ground level" by helping people be more specific about the behaviors that will make them more effective.
- to develop a culture of accountability by clearly communicating the positive and negative consequences of performance.
- to create enthusiasm around change by setting clear goals and celebrating small victories along the way.

Managing the Dynamics of Change is a great read because the message is so relevant to so many leaders today. Jellison's examples are real, and the methods he recommends for effectively dealing with change are both practical and workable.

“Producing major change in an organization is not just about signing up one charismatic leader. You need a group — a team — to be able to drive change. One person, even a terrific charismatic leader, is never strong enough to make all this happen.”

John P. Kotter (a world-renowned expert on leadership at the Harvard Business School, and the author of several books, including the international best seller *Leading Change*)

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by an immediate need for action, or reaction.” Companies are experimenting with new ways of dealing with strategic issues on a continuous basis, providing a platform from which executives can make better decisions. The authors provide several recommendations to improve the strategic process, including the implementation of strategy reviews throughout the year. This way, executives are focusing on only a few strategic issues at a time—

those that are relevant to the current market and competitive conditions. Once decisions are reached, the strategic and operating plans are updated.

Strategic thinking and planning should be a continuous process, supporting the analysis of critical issues as they come up in the day-to-day running of the business. Successful companies will embrace this concept and find an approach that meets their specific needs.

Albuinfo

Are you confident your strategy will get you the results you want? What is it costing you every day when plans are not effectively executed? Are your managers skilled at leading strategy development and driving execution? *Albu Consulting* is a strategy consulting firm focused on helping companies create sustained profitable growth. We have helped success-driven leaders find the right strategy, focus resources on the best ideas, and drive strategy through to completion. Founded in 1994, *Albu Consulting* is well known for its strategic proficiency and skillful facilitation of business leaders and their organizations, helping them uncover pragmatic solutions to operational problems and capitalize on opportunities.

Albu Consulting has a successful track record of exceeding its clients' expectations. This is what one of its satisfied clients had to say:

**Cindi Bigelow, President,
R. C. Bigelow, Inc.**

“We were looking for a consulting firm to provide us with an outside perspective on one of our new product ventures. *Albu Consulting* prepared a thorough and thoughtful business analysis of the situation and recommended pragmatic solutions. Since that initial project, *Albu Consulting* has helped us on various other projects over several years, from strategic assessments of our core specialty tea businesses, to pursuing growth opportunities through strategic alliance partnerships. *Albu Consulting's* strategic and marketing expertise, and breadth of experience, has proven invaluable to us. We would highly recommend *Albu Consulting* to businesses looking to gain a competitive edge.”

If you would like more information about *Albu Consulting*, or you would like to discuss how we might help you, please contact:

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