



Albu on Strategy

Spring, 2005

Winners Plan... and Planners Win.

What does it really take to be successful in today's fast paced, competitive business environment? Two important factors are 1) meticulously managing your day-to-day operations, and 2) planning for the future, both short- and long-term. However, planning often gets short-changed because of the rigors of managing the day-to-day business.

Planning should not be put off, or given too little time. Managing profitable growth requires a different kind of leadership... one that focuses the organization on doing the right things, and doing things right. A proper planning process can, in fact, change the face of an organization by establishing guiding principles that will drive sales and profits to new heights. A sound, long-term strategic approach can redirect, recharge and/or reinvent organizations.

There are six fundamental reasons to invest quality time and resources on a regularly scheduled planning process.

1. Visibility – If you think you know your business, you don't. In today's market-

place customers, competitors and suppliers are constantly changing, and to be successful you need to adapt or die. The planning process begins by providing a better understanding of the external and internal business landscape, thereby enhancing your understanding of your business.

2. Focus – Every successful company is presented with a continuous stream of new ideas. However, the excitement of the moment could cause you to chase the wrong opportunities, and waste precious resources. Every organization needs to have clearly stated (strategic) guidelines that help choose what products and markets it should be pursuing, as well as those that should not be pursued.

3. Competitive advantage – Visibility and focus make you a more formidable competitor. You understand your strengths and capabilities and how to leverage them in the market. Your organization becomes

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COMPETITION Will Make You Better

Words of Wisdom from Harvey Mackay

In a recent e-newsletter, Harvey Mackay wrote something that seemed quite relevant in today's highly competitive markets, stating "competition is a good thing that can only make you better." He began with a Dilbert cartoon by Scott Adams, where the boss says to two of his managers, "I've got some good news and some bad news. The bad news is that huge companies like us can't compete against small, nimble companies. The good news is that at this rate, we'll soon be the smallest company around."

As Mackay puts it, "Competition is healthy; it keeps you sharp, makes you better, improves quality. Love your opponent... the only one who makes you as good as you can be." Mackay suggests that you take time to under-



stand your competitors. Ask yourself, what have my competitors done in the last two years to change the way I am doing business? What should I do in the next two years to impact the way they will do business? Never become complacent and always keep a "fire-in-the-belly" attitude.

Mackay uses an old African saying to make his point: "Every morning a gazelle gets up and knows that it must outrun the fastest lion or get eaten. And every morning a lion gets up and knows that it must outrun the slowest gazelle or it will starve to death. So, whether you are the gazelle or lion, every morning when you get up you better start running."



Dear Friends,

The three keys to your company's success are planning, planning and more planning.

In this issue we present six solid reasons why — even though we know you don't have time — you must make planning a priority.

Among other things, a solid plan helps make you a formidable competitor. And, as Harvey Mackay points out, as much as we might like our competition to just go away, we need to learn to love it — because without it, we might not be as good as we could be.

Defining your competitors is one of the important marketing solutions offered by this issue's featured book, *Ten Deadly Marketing Sins*. Other key takeaways: choose target markets wisely, obsess about your customers' needs, build strong partnerships, and use technology to strengthen your competitive advantage.

When day-to-day pressures tempt you to overlook or postpone planning, it may help to enlist the aid of a third party. At Albu Consulting, we understand the impact of operational issues, but we also recognize that with a solid strategic plan many of those may become non-issues.

If you would like to discuss how to overcome roadblocks in the planning process, or any other strategic question, we invite you to call 203/321-2147 or send an email to info@albuconsulting.com.

Sincerely,

Dick Albu, President



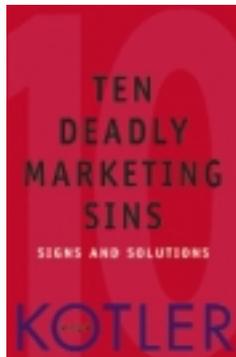


BOOK REVIEW

Ten Deadly Marketing Sins: Signs and Solutions

By Philip Kotler

According to Philip Kotler, "Marketing has ceased to work today. New products are failing at a disastrous rate. Most advertising campaigns do not register anything distinctive in consumers' minds. Direct mail barely achieves a 1% response rate. Most products come across as interchangeable commodities." So what is a company to do to break out from the clutter? How can CEOs demand more from their marketing departments? In *Ten Deadly Marketing Sins*, Kotler discusses what he considers the ten most glaring deficiencies in marketing, and provides solutions to fix them.



I cannot say that I agree with everything Kotler asserts about marketing, but I do like the simplicity of his approach to identifying key issues ("Sins") and then providing what I consider somewhat obvious, but yet critical conclusions and solutions. I will let you be your own judge, and for a brief look at Kotler's viewpoint, here is a condensed version of his ten solutions:

1. Focus on your most promising target markets. Segment your market, choose the best segments, and develop a strong position in each segment.
2. Understand your customers. Map your

customers' needs, perceptions, preferences, and obsess about serving and satisfying them.

3. Do a better job of defining your major competitors. Develop a good understanding of your competitors, their strengths and weaknesses.
4. Manage relationships and build partnerships with your suppliers and customers, and reward them.
5. Develop systems to generate new ideas and identify opportunities, and then focus resources on the best opportunities.
6. Create a planning process that addresses both short-term and long-term marketing needs.
7. Tighten up your policies, taking greater control over your product and service mix.
8. Improve your brand building skills using cost effective communication and promotion tools.
9. Build marketing leadership and create team spirit among various departments in the organization.
10. Use technology wisely. Continuously evaluate technologies that will increase your competitive advantage.

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a leader, rather than a follower in the industry... proactive rather than reactive.

4. **Communication** – Employees often complain of a lack of communication from the top. People need to know what is important, and what they need to do to contribute to the organization's success. A good plan will involve everyone, getting them out of their silos and working in cross-functional teams.
5. **Motivation** – Employees become motivated as a result of a more focused and better-informed organization. A strategic plan inspires employees and promotes change. A motivated workforce is a powerful competitive advantage and will increase the odds of success.
6. **Growth** – It is the lifeblood of every organization. Without growth, your organization becomes stale and competition will overtake you. Staying at the top of your game depends on constantly challenging the status quo, and pursuing profitable growth.

Albuinfo

Albu Consulting is a business development and strategy consulting firm focused on helping companies ignite passions to create profitable growth. The firm specializes in optimizing strategy and improving management effectiveness by formulating and implementing plans that focus resources and eliminate waste, thereby increasing revenues and profits. Founded in 1994, Albu Consulting is known for its collaborative approach to facilitating engagements, and has a successful record of exceeding its clients' expectations. The firm's strength lies in its current and extensive knowledge of a range of products and markets, and expertise in dealing with strategic and operational issues.

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“With the level of uncertainty that we see today, more and more people are asking, ‘How can you develop a strategy in a world that keeps changing so fast?’ They’re afraid that articulating a set of rigid principles will hinder their ability to react quickly. I would argue that it is precisely at such times that you need a strategy. Think about what a strategy is: it’s the process of making trade-offs and choices about how to allocate scarce resources. In the current environment, companies can’t afford not to have a set of guiding principles...a system of core values that communicates ‘true north’ to the entire organization.”

By Orit Gadish, Chairman, Bain & Co., Boston

From the article: *What's New, What's Not*, Fast Company Magazine (January 1999)