



Albu *on* Strategy

Spring 2007

Success Comes from 3Ps

Whether you are a mid-market, privately-held business or a Fortune 500 corporation, success depends on three key factors:

1. How good is your **PLAN**?
2. How committed are you to a **PROCESS** to pursue your goals?
3. How committed are your **PEOPLE** to staying focused and on task until your goals are achieved?

If the three Ps are in harmony, it dramatically increases the odds of success.

Developing the right **PLAN** begins with a comprehensive analysis of the business, both from an internal and external perspective. Strategic thinking creates a realistic picture of the strengths and weaknesses of the products or services you offer customers, and your market position relative to competition. A good plan takes into consideration your company's capacity and capability for profitable growth. The strategy sets the stage for identifying growth initiatives that are attainable, practical and specific to your unique situation.

Commitment to a relentless follow up **PROCESS** is the second stretch on the road to success. The driving force behind the process must come first from the President/CEO, and then be reinforced by the senior leadership team. Successful implementation of strategy is a continuous, long term process that evolves and strengthens over time. Commitment to monthly, quarterly and annual check-ups will refresh, revise and enhance your odds of success. At the same time, it keeps everyone in the organization fully



engaged and focused on achieving the company's goals.

The most important "P" for success is **PEOPLE**. Peter Drucker stated in *Management: Tasks, Responsibilities, Practices*, "The distinction that marks a plan capable of producing results is the commitment of key people to work on specific tasks. Unless such commitment is made, there are only promises and hope, but no plan." These specific tasks, which evolve from the **PLAN** and **PROCESS**, drive accountability and deadlines, while tracking results against agreed measures.

In my opinion, seventy percent of success is the result of getting the full buy-in from key employees. Too often I have seen leadership teams' enthusiasm spike to high levels as a result of a great plan, only to fail miserably because they were not able to summon the courage and conviction of key employees who would have driven the plan to success. Aligning the 3 Ps — **PLAN**, **PROCESS** and **PEOPLE** — will drive you toward success.



Old Rule/New Rule: How much have things changed?

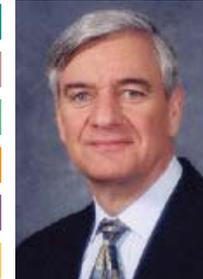
In the July 24, 2006 issue of *Fortune* magazine, an article titled "The New Rules" stated that "once upon a time, there was a route to success that corporate America agreed on... but in today's fast-changing landscape, that old formula is getting tired and a search is on for the New Rules." What follows is the Old/New Rule debate — Jack Welch sides with the Old Rules,

and I share a few of my observations on the subject.

Old Rule: Big dogs own the street.
New Rule: Agile is best; being big can bite you.

Jack Welch said that big should not mean being slow; being big and nimble is the key

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Dear Friends,

At this time of year, commencement speakers all over the country are sharing with new graduates

their secrets for success. Not to be outdone, in this issue we present our own simple three-part formula: form the right **PLAN**, commit to the **PROCESS**, and hire the right **PEOPLE** to drive your company toward success.

In our lead story, we spell out how these three factors work together to create shareholder value over the long term.

In our Recommended Reading, we highlight one gifted boss's perspective on hiring, inspiring and "de-hiring" to build a team that shares your commitment to profitable growth.

And while many of the commencement speakers' old rules for success still hold true, we encourage you to consider some new rules that may help to guide or reshape your strategic plan. Among these: stay nimble, exploit the niche, and don't be afraid to look outside your company, or even your industry, for innovative solutions to your business problems.

There is one Old Rule that hasn't changed, however: two heads are better than one. It is why we at *Albu Consulting* stand ready to serve you. And it is why we invite your comments, questions and feedback on any of the stories in this issue, as well as your suggestions to make future issues even more pertinent to your concerns. As always, we welcome your e-mails to info@albuconsulting.com and/or your calls to us at 203/321-2147.

Sincerely,

Dick Albu
President





RECOMMENDED READING

(Great) Employees Only: How Gifted Bosses Hire and De-Hire their Way to Success

By Dale Dauten

In the lead article of this issue, I spoke of the importance of people in successful strategic planning—but successfully motivating and aligning people behind your organization’s goals begins with great leadership. In *(Great) Employees Only*, Dale Dauten explains how “gifted bosses” continually upgrade their teams.

Dauten—who has been researching leadership and innovation since he was a student at Stanford University’s Graduate School of Business—has found that successful leaders follow a simple “90-10-0” formula. It’s not a breakdown of how leaders spend their time, rather it’s a formula for success—90% hiring and de-hiring, 10% inspiring and 0% managing. Focusing 90% on hiring and de-hiring means you won’t have to waste



valuable time and resources managing—because talented people will manage themselves.

In this book, you will learn what it takes to:

- Transform employees into lifelong allies
- Replace the act of firing with the graceful art of “de-hiring”

- Find great people in the “underground” talent market
- Master the fundamentals of contrarian hiring
- Enjoy the benefits of effortless leadership

As a leader, you owe it to yourself to surround yourself with great employees, who understand and support the organization’s vision. Great employees will ensure the successful execution of your strategy.

“Every enterprise requires commitment to common goals and shared values. Without such commitment there is no enterprise; there is only a mob.”

Peter F. Drucker

Old Rule/New Rule... continued from page 1

to GE’s success. However, we have seen how small players can be successful if they are agile, creative and resourceful. In today’s rapidly changing customer and competitive environment, staying agile and entrepreneurial is important. Add critical mass to that formula and you have the best of both worlds.

Old Rule: Be No. 1 or No. 2 in your market.

New Rule: Find a niche, create something new.

If we’ve learned anything in the past decade, it is that being No. 1 no longer insulates you from competition. New businesses that have exploited niches in large markets have displaced market leaders. Some examples include Google, Starbucks and Arizona. I believe that no matter how dominant your market share, you can never

become complacent—or the new kid on the block just might surprise you.

Old Rule: Be lean and mean.

New Rule: Look out, not in.

In the 1990’s, GE introduced Six Sigma, and it was adopted by most Fortune 1000 companies to improve performance. According to the New Rules, this approach, though effective, is limited because of its focus on existing processes. I think today, leaders are looking outside their companies for solutions, because they recognize that their problems may not be specific to their organizations, and answers may already exist elsewhere. Product and process innovation require an open mind, creativity and the ability to look outside the box for new ideas and best practices.

Albuinfo

Albu Consulting is a growth strategy management consulting firm. We are entirely dedicated to helping our clients create sustainable profitable growth. We work with CEO’s and their leadership teams to solve complex business issues and capitalize on priority growth initiatives to improve business performance over the long term.

Founded in 1994, *Albu Consulting* is recognized for its content and industry expertise, and for delivering practical and actionable recommendations. We provide comprehensive analysis based on marketplace realities and dynamics. Our recommendations are based solidly on sound, best practice business principles and industry knowledge.

We have a successful track record of exceeding clients’ expectations. Here is what one satisfied client had to say:

Alexander S. Guida III, Chairman, Guida Milk & Ice Cream

“The Board of Directors insisted upon a strategic planning process to guide growth and profitability. While interviewing *Albu Consulting*, we were impressed with its strong consumer goods background and its disciplined, professional approach. We had evolved very rapidly from a small to large company and had many departments trying to make decisions. Also present was a strong family business dynamic that influenced all. Dick Albu’s skilled, hands-on approach worked well to draw out and engage both family and non-family alike. *Albu Consulting’s* follow-through was complete, but not overbearing, allowing us to work and develop at our own speed. We are happy to have their assistance and would strongly recommend *Albu Consulting*.”

Please contact me directly for a confidential discussion of your business issues or if you know of someone that would benefit from our services.

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