



Albu on Strategy

Summer, 2004

Ten Fatal Sins of Strategic Planning

Strategic planning can be challenging for any business. Below are ten of the most common errors committed during the planning process. While this list is certainly not all-inclusive, hopefully it will prompt some debate around the conference table at the next management meeting. Avoid the following and your planning will be "saved."

- 1. Implementing weekend retreats only once yearly to talk about strategy.** A once a year, one-day session is not enough time to develop a strategy.
- 2. Viewing strategy as a "diet."** Strategic planning is not a diet...it is a "lifestyle." Make the strategic process a part of your management process. It should become a part of the way you make decisions every day, not just once a year.
- 3. Developing vision, mission, and/or value statements as "fluff."** Avoid gener-

ic statements. Make statements unique to your business...who you are, what you do best, and where you want to go.

- 4. Vision without action.** Failing to develop a specific, comprehensive action plan is one of the most serious sins of strategic planning. It is the single most important piece of the process, outside of designing a viable and realistic strategy.
- 5. Failing to involve your employees in developing the action plan.** People support what they help create; involve your employees in the process, so they know it is their plan.
- 6. Failing to integrate planning at all levels.** Planning should be a part of everyone's agenda. The action plan will draw employees into the process, hold them accountable, and help ensure there is alignment with the strategy.

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Dear Friends,

In this issue, we touch on three topics that are key to a company's success: planning, teamwork, and intelligent growth.

Sound strategic planning continues to be the foundation upon which business success is built. Yet in too many companies, strategy takes a back seat to daily operational issues. When such issues arise, the best solution is not necessarily the one that will most quickly resolve the immediate problem, but rather the one that best supports the company's long-term corporate goals.

Strong teams are critical to the successful implementation of any strategic plan. No individual – not even you – can singlehandedly assure a company's success. It takes many individuals working together toward the same goals to accomplish that.

Leveraging core competencies is one tried-and-true technique for business growth. Diversification is another. Combining the two – diversifying into areas that are related to the core business – is a more complicated but very sensible way to grow. The trick is to realistically evaluate your company's competencies and choose the strongest "cores" on which to build.

These are the kind of challenges we at Albu Consulting work on every day. If you would like to discuss these or any other strategic questions with me personally, I encourage you to give me a call at 203/321-2147 or send an email to info@albuconsulting.com. Your concerns – and your feedback – are important to me.

Sincerely,
Dick Albu, President

Strategy Implementation Requires TEAMWORK

Millions of Americans were glued to their TVs last season, watching the countdown of Donald Trump's "The Apprentice." I admit I was one of them. One of the intriguing lessons learned from this reality show was the need for teamwork, both from the leaders' and team members' perspectives.

Harvey Mackay, author of *Swim With the Sharks Without Being Eaten Alive*, defines teamwork as, "a collection of diverse people who respect each other and are committed to each other's successes." That's why focusing on your employees pays dividends...so take time to build morale, listen and communicate.

Dave Thomas, founder of Wendy's said, "Teamwork starts with treating people

right...in most things we do in life people have to work with, rather than against, each other. Win-win situations are the most important results of teamwork. The best teams help people become better than they could on their own."



Harvey Mackay offers another perspective from a wounded Marine who escaped from the hospital to be with his fellow soldiers on a dangerous mission. The Marine explained, "You work and live with people, and soon you realize that your survival depends on others.

Whether it's in a military battle, a football game, (or in an office) we can only enjoy success when we realize that we must be able to count on each other."





BOOK REVIEW

Beyond the Core

By Chris Zook

How many times have we heard the words, "identify and leverage your core competencies?" It makes a world of sense, and it's pragmatic advice. But what happens when your core business is mature to the point where it no longer can provide for adequate growth? In his book, Chris Zook outlines a growth strategy based on combinations of "adjacency moves." These are strategic growth initiatives that drive a company into new areas, and away from its core competencies. At the same time, these "moves" are still related to the core business.

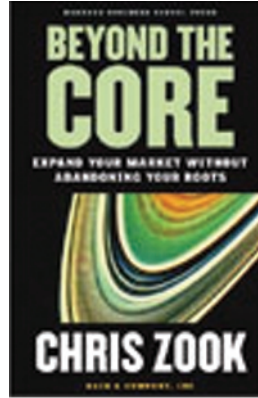
This is a simple yet practical concept. For example, an adjacency move could involve creating a new product line that leverages a strength in an existing channel of distribution, or expanding existing product lines or services into new geographic markets or distribution channels. Diversifying into adjacent areas is a less risky decision than to diversify into something in which your organization has no experience. According to Zook, adjacency moves have the potential to create greater value because they stem

directly from what is already known and from a definable competitive strength.

For this strategy to be successful adjacency moves must be built on strong cores. This seems quite obvious, but according to a Bain & Company survey, many companies have failed to abide by this simple rule. Zook's research identified more than 100 examples of failed attempts resulting from weak "cores."

For a number of years, I have personally subscribed to these principles through Albu Consulting's Growth Strategy Matrix. I successfully used this model to identify viable growth initiatives that extend from a company's core competencies, from either a products/services and/or markets/infrastructure perspective.

Beyond the Core is a worthwhile read for any senior manager looking to grow their business.



Albuinfo

Albu Consulting is a business development and strategy consulting firm focused on helping companies ignite passions toward creating profitable growth. The firm specializes in facilitating the formulation and implementation of strategies that focus resources and eliminate waste, thereby increasing revenues and profits. Founded in 1994, Albu Consulting is well known for its collaborative approach to facilitating engagements, and has a successful track record of exceeding its clients' expectations. The firm's strength is its current and extensive knowledge of a range of products and markets, and expertise in dealing with strategic and operational issues. Recently, a satisfied client had this to say about Albu Consulting:

Bob Gilbert, President, Bel/Kaukauna USA, a subsidiary of Fromageries Bel SA, Paris, France

"Our parent corporation developed a vision statement...and we saw this as an opportunity to develop our own vision. Dick Albu did a great job of preparing, moderating and leading the team...working with management to facilitate the development of the plan, and translating the new vision to specific action. The result was a strategic plan that I presented to the parent (to rave reviews) and that is still relevant. Dick is well organized, has a deep reservoir of practical knowledge and was able to meet a timetable that was nearly impossible. I would not hesitate to recommend Dick or to use him again in the future."

If you would like more information about Albu Consulting, please contact:

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“To be strategic is to concentrate on what is important, on those few objectives that can give us a comparative advantage, on what is important to us rather than others, and to plan and execute the resulting plan with determination and steadfastness.”

By Richard Koch

Author of: *The 80/20 Principle: The secret to success by achieving more with less*

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- 7. **Conducting business as usual after strategic planning.** It is so much easier to do things the way they were always done. If you have invested time and money in developing strategic plans, don't let them end up on the shelf collecting dust.
- 8. **Lacking a scorecard or measuring what is easy rather than what is important.** Metrics, either qualitative or quantitative, help everyone in the organization track progress. The right metric will keep everyone focused on the task at hand.
- 9. **Neglecting to benchmark against**

competitors. Watch your back or someone will surprise you. Who are your competitors? What are their strengths and weaknesses? What do they do that you don't do? What do you do better? How can you sustain your competitive advantage?

- 10. **Failing to make the tough choices.** Strategic planning requires "TLC" – time, leadership and courage to change. It's easier to maintain the status quo, but leadership requires tough choices for the good of the organization. This takes time and courage.