



Albu *On* Strategy

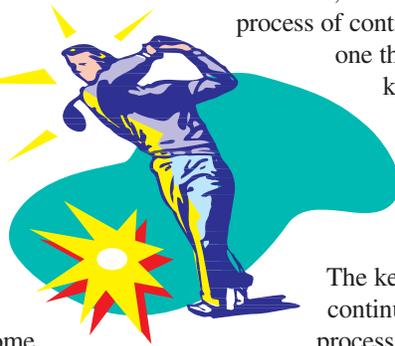
Summer 2006

No Room for Complacency

Are you staying ahead of your competitors, always striving to be better? Are you confident you have a strategy that will take you to a higher level, year after year? Or have you let complacency overwhelm your organization?

Whether you have a thriving business and are experiencing double-digit growth, or are constantly struggling to make your budget, one thing is certain: you cannot stand still. Over time, complacent companies become vulnerable to competition, customer relationships become unpredictable, and valuable resources are wasted on the wrong ideas.

Deploying a process of continuous improvement eliminates complacency. Consider Tiger Woods, one of the greatest golfers ever to play the game. When asked why he changed his golf swing twice, he replied, "Because I want to get better." His answer was simple, yet meaningful. Tiger understands that the game of golf will continue to change: his competitors are



relentless in their efforts to beat him, and the PGA will continue to make golf courses more challenging for everyone. Unless Tiger improves his game, he won't stay on top.

In business, as in sports, deploying a process of continuous improvement — one that effectively addresses key issues and focuses limited resources on the most promising opportunities — is necessary if you want to continue winning.

The key word here is continuous. **Do** implement a process of best practices that reviews your strategic thinking and strategic plan regularly throughout the year. **Don't** wait to review your strategy once a year. Your competitors and customers do not stand still; waiting to take action because it is not on your schedule will not work.

Be like Tiger: never accept that your business cannot be improved. Always strive to be better, stronger, faster, cheaper — whatever it takes to move up to the next level of profitable growth.

Business Reinvention

Harvey Mackay hits his mark in his recent monthly e-newsletter when he states that "Businesses have to routinely re-make themselves or they will end up on the scrap heap." He tells the sad story of Howard Johnson, who, in 1925, borrowed \$2,000 to buy a drugstore in Massachusetts.

"Howard Johnson channeled his creative juices into the soda fountain. How do you make a better tasting ice cream cone? Double the butterfat content, he reasoned. He reasoned right. Johnson's taste-bud genius blossomed into an empire. By 1975, there were a thousand Howard Johnson sit-down restaurants and 500 motor lodges. Everybody knew the old orange-and-blue with the Simple Simon logo. But, things proved not so simple for Simon with the surge



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Dear Friends,
When things are going well for a business, it is easy to become

complacent. But strategic thinking is as important — if not more so — in good times as it is in bad. Failing to make needed changes until business dips is a recipe for disaster.

In this issue we look at two examples — one good, one bad — that vividly illustrate the reasons why businesses need to re-make themselves on a regular basis. We review a new book that reveals why some companies reach the \$1 billion mark while others lag far behind. And we challenge you to rethink your ways of doing business so your company, too, can achieve that kind of exponential growth.

When a business is doing poorly, the need for change is clear. It's more difficult to maintain a "change is good" mindset when business is strong. But while you are relaxing, your competition is working hard to overtake you.

If you could use an objective outside look at what aspects of your business might benefit from change, *Albu Consulting* stands ready to help. And if you have a story about how a simple change made a dramatic difference in your business's success, we'd like to hear it. Give us a call at (203)321-2147 or e-mail info@albuconsulting.com.

Sincerely,

Dick Albu, President





RECOMMENDED READING



Blueprint to a Billion: 7 Essentials to Achieve Exponential Growth

By David G. Thomson

Growth is the lifeblood of any organization, and we admire leaders who have successfully turned small companies into the biggest in their industry. What has been missing — until now — is a blueprint that explains how these entrepreneurs turn their companies into billion dollar corporations.

David Thomson is a twenty-year veteran of Nortel Networks and Hewlett-Packard, and previously worked for McKensey & Company. He studied 387 companies that have grown exponentially; each went public since 1980, and each achieved \$1 billion in sales revenue.

He found that 250 of these companies had less than \$170 million in revenue at the time of the IPO. Based on his discovery, he created a template that identified the criteria that caused the growth.

Thomson's elite Blueprint Companies share these "7 Essentials to Creating Exponential Growth":

1. They create and sustain a breakthrough value proposition.
2. They exploit a high-growth market segment.
3. They use marquee customers to shape the revenue powerhouse.
4. They leverage big brother alliances for breaking into new markets.
5. They become the masters of exponential returns.
6. They create a management team based on inside-outside leadership.
7. They recruit essential experts to the Board of Directors.

Of the 7,500 companies that have gone public since 1980, only a handful achieved the \$1 billion mark. Blueprint Companies structure their businesses and organizations in a way that capitalizes on each and every opportunity. Complacency is not in their vocabulary. Rather, continuous and persistent change is the driving force of their success.

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Profitability is not the purpose of, but a limiting factor on business... Profit is not the explanation, cause, or rationale of business behavior and business decisions, but rather the test of their viability. ”

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Peter F. Drucker

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in popularity of fast food. After years of turmoil, Howard Johnson dedicated itself to the travel inn business. But, one of the great restaurant franchises in the United States became a roadside casualty. This was never more clear than when the HoJo's landmark site on Times Square was shuttered. There are fewer than 20 free-standing restaurants left in the chain today.”

The moral of the story — complacency was unacceptable in 1925 and it is still unacceptable today. Rethinking and reinventing your business models makes sense at all stages of the business life cycle. Some industries require major change once a decade, while others need it every year. Don't be afraid to make major changes to achieve your goals.

Albuinfo

Are you confident your strategy will get you the results you want? What is it costing you every day when plans are not executed effectively? 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:

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

“*Albu Consulting* did a great job working with our management to facilitate the development of the strategic plan, and translating the new vision to specific action. The result was a strategy that I presented to the parent to rave reviews. Dick Albu 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*, or you would like to discuss how we might help you, please contact:

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