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Stop Wasting Valuable Business Resources

I had a client recently tell me that one of his mature, declining businesses needed to be resurrected. In reality, the market dynamics were all running against this decision. The product line had run its useful course as substitutes were becoming more important to the end user. Competitors that were dropping pricing to maintain share and customers were feeding the frenzy by insisting on the lowest priced alternative. This is just one example of many I can site. I'm sure you have your own stories you can tell. It isn't a good position to be in.

Peter Drucker described this situation, and provided a solution, quite eloquently, *"Effective executives know that they have to get many things done effectively. Therefore, they concentrate (focus). And the first rule of concentration of executive efforts is to slough off the past that has ceased to be productive."*

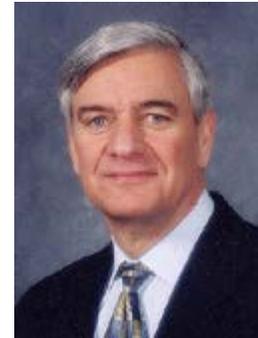
What this means is quite simply; don't assume past successes will be a part of your future. CEO's and leadership teams have a responsibility to their stakeholders to be honest about these tough decisions. It's not easy to shift resources away from a business that has contributed to the success of the company for so many years, or possibly a family legacy business that has been around for generations. The question that needs to be asked is; can we afford to allocate our best people and precious financial resources to a declining business? Are those precious resources being squandered on a business, product line or service that cannot be sustained over the long term?

This is never a simple decision and not one to take lightly. And more often we hear plenty of excuses for not letting go. "We can't give up the sales. One of our most important customers wants the product line. The business is covering overhead." As a result, valuable scarce resources, both human and financial are spending time on dying projects and programs.

Consider these three steps to focus your strategy:

1. Do a thorough assessment of the environment (internal and external) to understand how the market has and will continue to change, and your business strength relative to competition and customers.
2. Develop strategy that recognizes the reality of the situation. The strategy should help determine the speed in which to exit businesses, project or programs. As the focus strategy is being implemented, hold regular check in meetings (monthly).
3. Realistically, you can only attempt to predict the future based on best judgment, so be prepared to make adjustments to the strategy.

As part of a strategy management process, a critical step is to make decisions on how to resource the future of the business. During this step managers should weigh decisions on allocating resources to unattractive businesses and activities that drain resources from other valuable new growth opportunities.



Dick Albu

[LinkedIn](#)



Rob Krist

[LinkedIn](#)

"There is nothing as difficult and as expensive, but also nothing as futile, as trying to keep a corpse from stinking."

Peter Drucker

Albu consulting is a strategy consulting firm focused on engaging and energizing leadership teams to formulate robust business strategies and follow through on execution of key strategic initiatives. Our mission is to help our clients achieve and strive to exceed all their business objectives. We do this by establishing strategy management as an organizational competency and part of everyone's day-to-day responsibility. We work collaboratively with goal driven, proactive CEOs of middle market companies that are open to new ideas and passionate about increasing the value of their businesses today and tomorrow.

To learn more, call us for a free consultation. For more information about Albu Consulting, visit our website at www.albuconsulting.com.

Dick Albu, *President*
RALbu@albuconsulting.com

Rob Krist, *Managing Director*
RKrist@albuconsulting.com

Albu Consulting LLC
1177 High Ridge Road Stamford, CT 06905
Tel: 203/321-2147
Website: www.albuconsulting.com
