

# “Strategic Plans.....

For Small and Large CDC Businesses”

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# What we'll cover...

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- **Who** – Should have a Long Term Plan?
- **What** – Is a Strategic Plan?
- **When** – Should I start My Long Term Plan?
- **Where** – Either at your location or....
- **How** – You'll see the process Key Steps today
- **Why** – To follow....

# Tom Leonard Background

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- Born and raised in Pittsburgh
- Grandparents born in Ireland/USA WW I
- Recruited to play football at Cornell University
- Began business career as a Salesman for P&G
- VP Marketing age 30 at Wilson Sporting Goods
- President of Samsonite USA at age 40-49
- Then President of Ajay Sports, Pro Golf Discount, Aspen Pet Products and Dippin' Dots Ice Cream
- Started Leonard Strategic Advantage (LSA) last fall

# “Ground Rules”

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When you have a Question.....ASK...

- Not a soliloquy
- Will also have time at the end for Q&A, but...
- There will be Audience participation...

# WHAT is a Strategic Plan?

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- It's your Long Term Plan for your business
- Helps “Invent Your Future”
- Why is an Organization in Business?
- To Make a Profit?

# Answer: per Peter Drucker...

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- To “Attract and Maintain Customers”!
- In order to generate Long-Term Profits!
- “in 1959 Drucker coined the term ‘knowledge worker’ -- and later in his life considered knowledge work productivity to be the next frontier of management.”

# Organizational Achievement?

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- A result of:
  - Luck?
  - Hard Work?
  - Planning?

# Strategic Planning

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- **What?**

- It is the Process of determining the Future of Your Organization/Business
- And What you will Need....
- To Achieve that Future!

# WHY would I need a Strategic Plan?

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- Plan to “Attract and Maintain Customers”
- To Systematically Generate Long Term Profits
- To Implement a Goal setting -- AND Goal Achievement Process
- By having -- and then Executing against -- a Strategic Plan – you WILL Improve your company!

# WHO needs a Strategic Plan?

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- TL: Everyone!
  - “For Small and Large CDC businesses...”

# WHEN is the best time to start a Plan?

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- As Soon as Possible....
  - It is YOUR Future

# WHERE can I start a Strategic Plan?

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- In your offices...
- Or at an offsite location/retreat

# HOW do you Develop a Plan?

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- Vision
- Core Values
- External Assessment
- Internal Analysis
- Base Strategy
- Your Mission
- Critical Goal Categories
- Goals
  - Measurable
  - Track-able
- Action Steps

# Establish a VISION Statement

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- **WHAT** the Organization will “**Dare**” to Achieve in the next 3-5 Years
- Statement about where or who you want your company to be in the future – in effect, sets the strategic direction of your company
- “Where you want to be....the end result of what will be done”
- Defines:
  - What you want to Become/Do
  - Provides: Direction and Inspiration
- “Find a Higher Purpose”

# Some Sample Visions

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- LSA: “truly helps clients prosper – and has fun doing it”
- Aspen Pet: “To be the Global Leader in Innovative Pet Products”
  - ‘Driven by Innovation’
- Samsonite: “Building the World’s Best -- to insure our products and services are of a quality that meets or exceeds our customer’s expectations.”

# Whose Visions are these?

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- “To refresh the world...
  - To inspire moments of optimism and happiness...
  - To create value and make a difference” ???= Coca Cola
- “Provide branded products and services of superior quality and value that improve the lives of the world’s consumer, now and for generations to come”  
= Procter & Gamble

# Whose Vision?

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- “\_\_\_\_\_’s commitment is to actively contribute to sustainable development through environmental protection, social responsibility and economic progress. To us, that means meeting the needs of society today, while respecting the ability of future generations to meet their needs.”
  - 3M

# Whose Visions?

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- “To make a contribution to the world by making tools for the mind that advance humankind”
  - Apple
- “To become the world’s leading consumer company for automotive products and services.”
  - Ford Motor Company

# Determine your VALUES

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- Standards by which you will exist and operate
- A desirable standard or principle
- Unswerving points to which an organization holds itself accountable
- Core Values Govern behavior
- Are of equal importance to the Vision

# Sample Values

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- **LSA:** 1) Integrity, 2) Outstanding Customer Service, 3) Innovation, 4) Fun, 5) Long Term, 6) Profitable
- **Aspen Pet:** 1) Integrity, 2) Innovation, 3) Teamwork, 4) Value People, 5) Customer Focused, 6) Results Driven

# Value Examples

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- **Coca Cola:** Leadership, Collaboration, Integrity, Accountability, Passion, Diversity and Quality
- **P&G:** Integrity, Leadership, Ownership, Passion for Winning and Trust

# Whose Values?

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- Act with uncompromising honesty and integrity in everything we do.
- Satisfy our customers with innovative technology and superior quality, value and service
- Provide our investors an attractive return through sustainable, global growth
- Respect our social and physical environment around the world
- Value and develop our employees' diverse talents, initiative and leadership
- Earn the admiration of all those associated with \_\_\_\_\_ worldwide
- 3M

# Conduct an External Assessment

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- Market Segments & Opportunities
- Competitive Analysis: Products & Services
- Trend Analysis
  - Your Industry
  - Your Customers
  - Other areas of your world

Objective: How Capitalize on your Opportunities!  
How mitigate Challenges?

# Do an Internal Company Assessment

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- Structure & Function
  - Are you easy to do Business with?
  - Eliminate the Hassles!
- Resources
  - People
  - Investments
- SWOT
  - Objective: Opportunities...Challenges....

# Determine Base Strategy

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- A company's ability to fulfill the expectations of your customers

## Five major types...

- 1) Commodity Driven
- 2) Technology Driven
- 3) Quality Driven
- 4) Service Driven
- 5) Customer Driven

Wal-Mart, Lowes

eBay, Apple, CDC

Mercedes, Channel

UPS, Marriott

Disney, Trader Joe's

# Establish your Mission/Objectives

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- Translates the Vision into Specifics
- WHAT your Organization must get done/wants to achieve during a specific time frame (1 year)
- Generally 4-7 Objectives...WHAT needs to be done

# Mission/Objectives -- Examples

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- **Aspen Pet Example:**
  - 1) Grow revenue from \$X to \$Y by 201Z
  - 2) Grow/maintain EBITDA return on Sales
  - 3) Improve culture score by 20% per year

# Mission/Objective Examples

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- **Samsonite:**
- 1) Increase Sales by 7+% in 201Z
- 2) Improve/Maintain EBIT return on sales to 10-12% range
- 3) Enhance Cash Flow by improving working capital by X% of sales
- 4) Increase the Long Term Value of the company

# List Critical Goal Categories/Strategies

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- WHAT must happen.... For the Mission/Objectives to be achieved
- Generally 4-8 “How” CGC statements

# CGC/Strategy examples...

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- **Samsonite strategies:**
- 1) Continuously introduce Innovative New Products -- that our consumers value
- 2) Out-market, out-sell, out-advertize, and out-customer service our competition
- 3) Reduce our costs and improve our productivity
- 4) Diversify beyond our base business

# Strategy examples

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- **Aspen Pet:**
- **1) Focus and Grow** – Top Ten Customers...
  - and Top Three Product categories
- **2) Create** – new products -- with competitive barriers
- **3) Expand** – into new product categories...
  - and international sales
- **4) Deliver** – Customer satisfaction in service and quality...
  - and improved employee satisfaction

# List Company Goals under each CGC

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- Develop SMART Goals to support the CGC's –
  - Specific, Measurable, Attainable, Realistically High and Target Date.
- Define the Desired Results

# Determine Responsibility

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- Who will be responsible for developing the Action Plans and having the SMART Goals accomplished by the designated time?
- People who are results orientated will seize the opportunity

# Develop Action Plans for each Goal

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- Now create Plans of Action that will ensure achievement of the Goals
- Who, What, How, by When
- Can lead to Management by Objectives (MBOs) – and be used for Performance Reviews

# Action Plan Examples

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- Aspen Pet examples...
- MBOs – Exceed APP \$65 M (107%) Sales Budget for FY2005
- 1)How/Specifics – a)Exceed \$X Budget on Top 3 Accts (Petco, PsM and Wal-Mart)
- 2) exceed \$Y budget from the balance of “Top 10”
- 3) Develop and track a “Key Incremental Sales Opportunities” list...

# More Aspen Pet Action Plan examples

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- MBO – beat our 2004 Inventory Budget of 14.9% of Sales, so that we can reduce our revolving line of credit
- 1) How/Specifics – end year between \$500 K and \$1 M of obsolete products
- 2) Reduce balance of excess inventory by \$1.1 M by 12/05
- 3) Refine our forecasting method from our FY03-04 improvements.

# Then list the results...

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- The “**SMART-er**” the goals/MBOs are, the easier it is to evaluate the results.
- A good Performance Evaluation system is Meets Expectations (ME) -- and then EE: Exceeds Expectations, BE: Below expectations, O: Outstanding and U: unsatisfactory.



# My Favorite Saying...

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- “Strategies are Grand.....

**.....Execution is Crucial!!”**

# Reprise – How/Process Steps

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- Vision
- Core Values
- External Assessment
- Internal Analysis
- Base Strategy
- Your Mission/Objectives
- Critical Goal Categories/Strategies
- Goals
- Action Plans

# The Benefits of having a Strategic Plan

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- Plan to “Attract & Maintain Customers!”
- To Systematically Generate Long Term Profits
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# Next Steps

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- CDC Strategic Planning Seminar possibility
  - Interest level.....?

# Questions.....

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- Answers.....
  
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