

Hope is not a Strategy

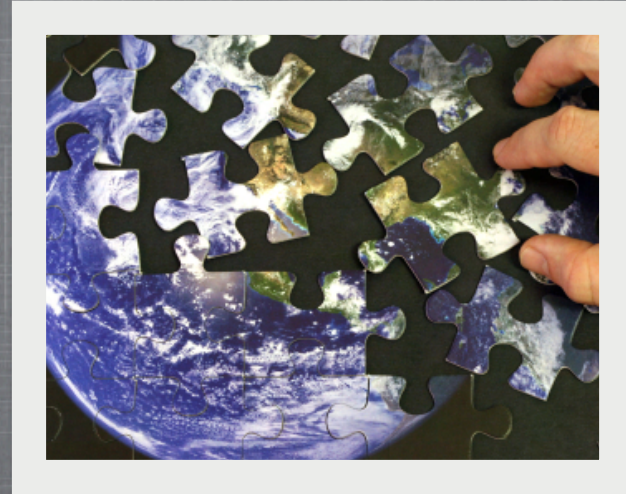
Driving Success in Turbulent Times

May 27, 2009



AGENDA

Presenter: Lary Kirchenbauer
Moderator: Brad Bollinger



- What has permanently changed in the new economic landscape?
- What new and lasting challenges does this create for my business?
- How has the competitive landscape changed?
- What does a S.M.A.R.T. Action Planning process look like?
 - What tools can I apply to make this successful?
 - How can I get traction to do this for my company?

S.M.A.R.T. ACTION PLAN



GOAL: Gain Competitive Advantage

- Let's Demystify Strategic Planning – it's simply a
 - **DECISION-MAKING PROCESS** to
 - **PRIORITIZE** the
 - **OPPORTUNITIES** you have – pursued within
 - **PRIMARY SCENARIO** – converted to
 - **ACTION STEPS** that will propel your
 - **COMPETITIVE ADVANTAGE**

WHAT IS A S.M.A.R.T. ACTION PLAN?

 **S**pecific

 **M**easurable

 **A**ccountable

 **R**ealistic

 **T**rackable

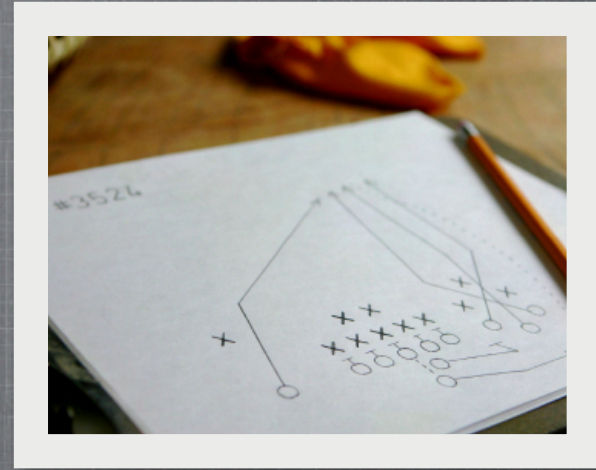
Preparation

"It's not the will to win
that matters —
everyone has that.
It's the will to prepare to
win that matters."

Paul "Bear" Bryant

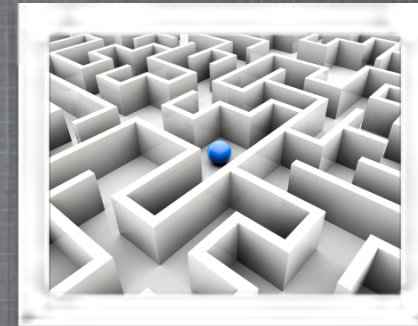
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WHY DON'T WE PLAN?



- Don't know how
- The process is too complicated
- Waste of time
- Too busy
- Did it before – and nothing changed

ACCOUNTABILITY



Hear an Idea

10%

Consciously Decide to Adopt It

25%

Decide When you will Do It

40%

Plan how you will Do It

50%

Commit to Someone Else that you will do it

65%

Have a specific Accountability Appointment with the person to whom you're committed

95%

S.M.A.R.T. ACTION PLAN

BRAINSTORM

Identify all of the Opportunities to build your business

SCENARIO

Establish the Primary Scenario that will drive your activity

COMPETITION

What does the Competitive Landscape look like today?

DECISIONS

Make the Strategic Decisions to identify the 4-5 Opportunities that you will vigorously pursue

STRATEGY

Create a Strategy Statement that describes the scope, domain and competitive advantage of your business

SWOT

What does your SWOT Analysis say about the Goals you need to set?

ACTION

Complete the S.M.A.R.T. Action Plan that you're going to implement?

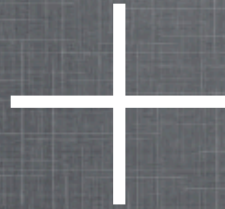
DASHBOARD

Implement the Executive and Execution Dashboards that will guide your implementation

1. IDENTIFY OPPORTUNITIES



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PRIMARY SCENARIO

Current Capabilities

Competitive Landscape

Personal Strategy

External Factors

Financial Capacity

STRATEGIC
DECISIONS

PRIMARY SCENARIO

External Factors

Economic Environment

Industry Trends

Business Cycles

Demographic Trends

New Product Development

Regulatory/Government

Technology Changes

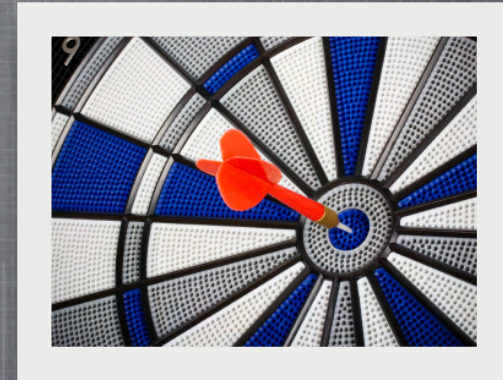
4. PRIMARY SCENARIO

	Factor #1	Factor #2	Factor #3	Factor #4
Current Capabilities	Highest Quality Products	Preventive Maintenance Program	Exceptional Engineering Capability	24/7 Phone Support
External Factors	Great Recession will continue	Imports increasing dramatically	Technology Changes affect 20% Products	Industry Consolidation hit 30% Last 2 Years
Financial Capacity	Meet Financial Covenants	Cash Break-Even or better at all times	Limit Borrowing to 70% Capacity	\$500K CapX Budget
Personal Strategy	Maximize Technology	Find new product line	Innovation	Grow this year by 20%

4. STRATEGIC DECISIONS

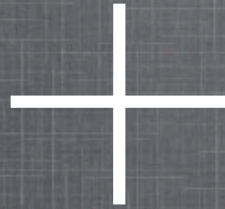
	Choice #1	Choice #2	Choice #3	Choice #4
Current Capabilities	Add exclusive German product line	Buy upgrade to Preventive Maint Db	Hire 2 Sr. Engineers	Strengthen & Upgrade web site
External Factors	Loyalty Program	One Day Delivery	Add exclusive German product line	Add 2 Experienced Sales Reps
Financial Capacity	Add 2 Experienced Sales Reps	Loyalty Program	Strengthen & Upgrade web site	Hire cost accountant
Personal Strategy	Acquire Sacramento competitor	Add 2 Experienced Sales Reps	Hire 2 Sr. Engineers	Add 401k and Employer Match

3. COMPETITIVE LANDSCAPE



- Create Competitive Matrix of Products & Services
- “Go To Market” Framework
 - What is it?
 - How do we evaluate our competitors?
 - What Opportunities should we pursue?
- Make Strategic Decisions to achieve Competitive Advantage

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PRIMARY SCENARIO

Current Capabilities

Competitive Analysis

Personal Strategy

External Factors

Financial Capacity

STRATEGIC
DECISIONS

COMPETITIVE MATRIX

Competitors	HIGH END	Competitor #2	Competitor #3	CHAIR CO.
Products/Services				
Tables	1			
Chairs	2	1		1
Sofas	2		1	
Patio		2	1	
Bedroom		2		
Installation		2		
Repair	1			2
Low Prices		1	2	
Design			1	
Delivery	2			1

"Go To MARKET" APPROACH

Competitors	HIGH END	Competitor #2	Competitor #3	CHAIR CO.
Differentiator				
Market Responsiveness	1			
Product/Service Superiority	1	3		1
Production Efficiency			1	
Natural/Human Resources		2	2	
Market Dominance				3
Short Term Profits	3			
Method of Sale				
Distribution Method	2	1		1
Technology Advantage			3	

Market Responsiveness

High End

One Day Delivery

Etc.

Product/Service Superiority

High End

Chair Co.

Comp #2

Add New Product Line

Technological Advantage

Comp #3

Acquire Sacramento competitor

Natural/Human Resources

Comp #2

Comp #3

Hire 2 Sr. Engineers

Hire 2 Experienced Sales Reps

Market Dominance

Chair Co.

Loyalty Program

Distribution Method

Chair Co.

High End

Comp #2

Upgrade Web Site

Etc.

Short Term Profit

High End

Hire Cost Accountant

Production Efficiency

Comp #3

Etc.

Method of Sale

4. STRATEGIC DECISIONS

	Choice #1	Choice #2	Choice #3	Choice #4
Current Capabilities	Add exclusive German product line	Buy upgrade to Preventive Maint Db	Hire 2 Sr. Engineers	Strengthen & Upgrade web site
Competitive Landscape	Hire 2 Sr. Engineers	Add 2 Experienced Sales Reps	Acquire Sacramento competitor	Strengthen & Upgrade web site
External Factors	Loyalty Program	One Day Delivery	Add exclusive German product line	Add 2 Experienced Sales Reps
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STRATEGY	✓	✓	✓	✓

5. STRATEGY STATEMENT



● Three Core Elements

● Goal

- What is the end you are trying to achieve?

● Scope

- What is the domain in which you will operate?
 - Customer Offering
 - Geographic Location
 - Vertical Integration

● Advantage

- What is the key competitive advantage that will get you there?

EDWARD D. JONES



Grow to 17,000 financial advisors
in 2012 (from about 10,000 today)
by offering trusted and convenient
face-to-face advice to conservative
investors who delegate their
financial decisions, through a
national network of one-financial-
advisor offices.

6. S.W.O.T. ANALYSIS

Strengths	Weaknesses
How do we build on them?	How do we fix them?
Opportunities	Threats
How do we seize them?	How do we avoid them?

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7. S.M.A.R.T. ACTION PLAN



“GET ‘ER DONE!”



7. S.M.A.R.T. ACTION PLAN



S.M.A.R.T. ACTION PLAN

May 27, 2009

"WHO'S going to do WHAT by WHEN?"

BASED ON

STRENGTHS

WEAKNESSES

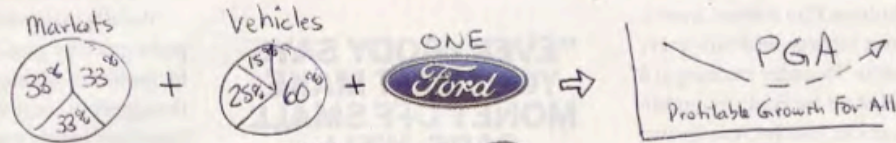
OPPORTUNITIES

THREATS

GOAL	S.M.A.R.T. OBJECTIVE	"WHAT"	"WHO"	"WHEN"	
-- Strengths				2009	2010
Expand Preventive Maintenance capability	Identify Software Upgrade choices		Bob	July-31	
	New Product Software required		Bob	August-30	
	What Expert Training is required and for what product?		Sally	July-31	
	etc.		etc.	etc.	etc.

Simple Spreadsheet Example

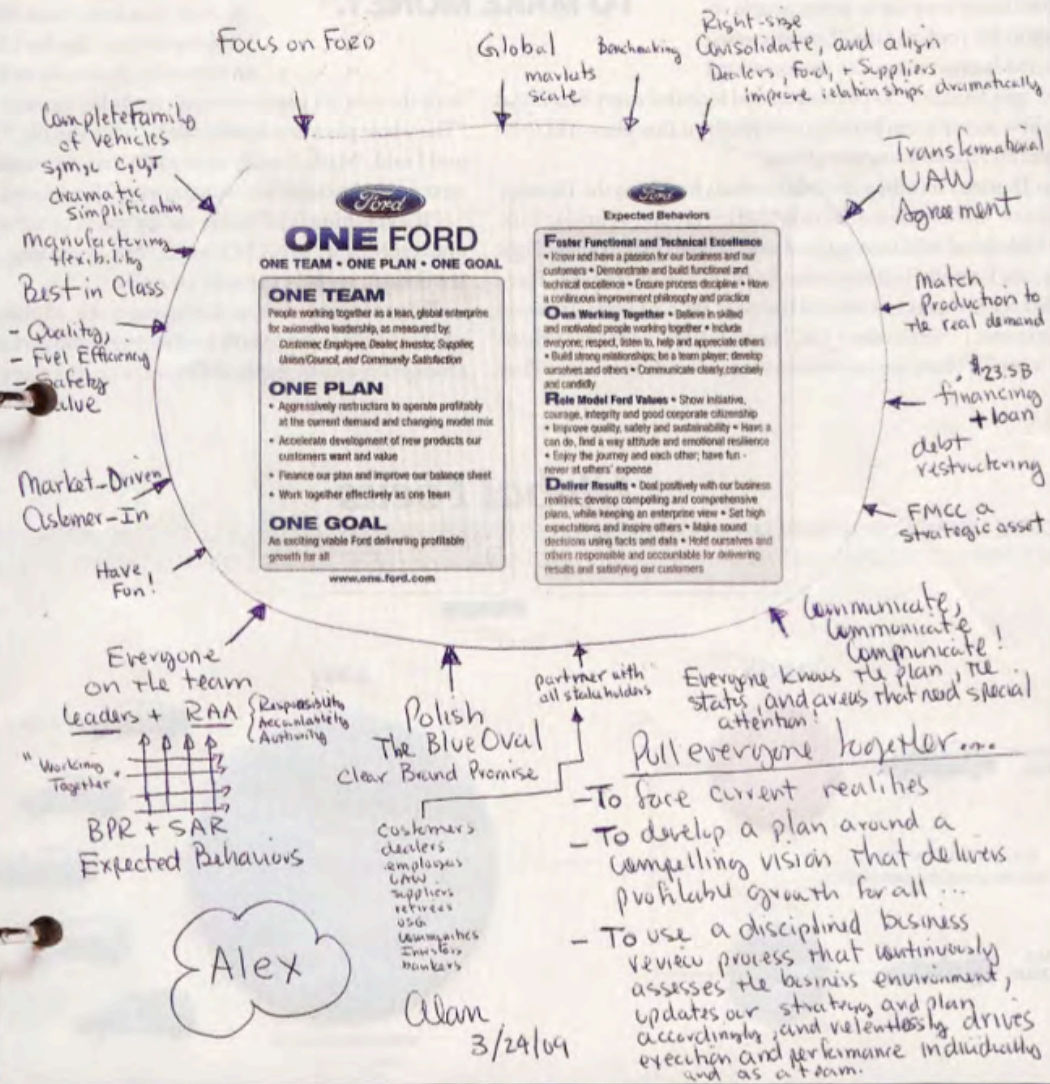
- Any Tracking or Db format will do ... But DO something!
- Success Factors Strategy Execution Template



Alan Muiaity
President and Chief Executive Officer

"The Plan"

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8. EXECUTIVE DASHBOARD



- Critical Tool of Implementation
 - Monitor Success of Action Plan
 - Early Warning System
 - Track Financial Covenants
- Keep it “short and sweet”
 - Not substitute for Financial Statements
 - Other metrics NOT financial
- Use as a metric for Daily Huddle

PERFORMANCE MANAGEMENT



- Great companies have HIGHLY INTEGRATED their **PLANNING, EXECUTION & PERFORMANCE MANAGEMENT**
- Link these common elements
 - S.M.A.R.T. Action Plan
 - Operational Planning
 - Performance Measurement
 - Reporting
 - Milestones
- NOT spreadsheets but a comprehensive, integrated solution

WEBINAR WORKSHOP SERIES



- Seven stand-alone workshops via LIVE Webcast in June
 - Scenario Planning: **What's the situation?**
 - Competitive Landscape: **What's everyone else doing?**
 - Strategic Decisions: **What are we pursuing?**
 - Strategy Statement: **What's unique about us?**
 - SWOT & Goals: **Where are we headed?**
 - S.M.A.R.T. Action Plan: **How will we get it done?**
 - Dashboards: **Are we making progress?**

SUMMARY



- Focus on what you CAN control
- Get your ideas on paper - or it's NOT a PLAN!
- Create a 12 Month S.M.A.R.T. Action Plan
 - Opportunities + Scenario = Strategic Decisions
 - Develop supporting Strategy Statement
 - Set Goals to Achieve over Planning Horizon
 - Implement S.M.A.R.T. Action Plan
 - Executive & Execution Dashboards

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