

THE BUSINESS JOURNAL

SERVING METROPOLITAN KANSAS CITY

OCTOBER 27, 2006

| SUCCESS STRATEGIES |

www.bizjournals.com/kansascity

Growth planning returns value especially in uncertain times

Change is inevitable and either it can manage you or you can manage it. It is the difference between being proactive or reactive. Change is brought about by many things: new technology, new competitors, economic factors, or great new ideas. Putting wheels on suitcases was just a great idea long overdue that changed an entire industry.

GUEST COLUMN



MARGARET REYNOLDS

One of the most significant challenges corporate leaders face is how to achieve sustainable business growth. In a recent survey from IBM, 80% of CEO's worldwide acknowledged that growth was their primary objective and most felt it was also their biggest challenge. Chris Zook in his book, *Profit from the Core*, asserts that only 13% of companies are achieving modest levels of sustainable and profitable growth. Generating growth gets more difficult as we face uncertain economies, an increasing pace of change and escalating levels of competition.

As a leader, you have a responsibility to proactively embrace change and incorpo-

rate it into your business. That includes scanning the environment for trends and innovations that will impact your business and being prepared to integrate those changes into how you manage your business by either circumventing negative change or capitalizing on positive change.

Stan Davis, author of *Future Perfect*, defines strategy as "a plan for future survival." In this day and age, having a clear strategy is not a luxury—we need to know how we will lead our business in the coming years—not just to survive—but to build value as we go. To do that, requires companies to embrace the development of a strategic plan that will guide them—help them retain focus, manage resources and even to troubleshoot.

It is a common myth that planning becomes impossible in uncertain times. In fact, your company never needed a plan more—what is crucial is how you develop the plan and the content so that it is dynamic and useful.

How is that possible? Here are a couple of key guidelines to follow:

- **Focus:** The plan needs to provide a clear focus so that everyone in the organization knows where the business is going. It is important to be specific. Recently the *Kansas City Business Journal* published an article on Cerner's strategic direction. According to that article, they will be moving upstream into related markets, expanding into medical device products, adding new capabili-

ties in research and doubling their international sales. That clear direction allows the entire organization to know where they are going and to determine the implications for their part of the business.

- **Resource Alignment:** A clearly articulated strategy enables alignment of resources on the same goals. This is especially important in problem solving and budgeting. With clear direction, employees realize not all choices are created equal. An international not-for-profit client who recently completed their strategic plan found they cut one month out of the budgeting process because all employees knew what the priorities were and the debates were essentially eliminated.

- **Critical Path:** A good strategy often involves significant change. To accommodate change requires 1) making the case for change 2) establishing a process for change and 3) being disciplined in measuring progress. Break change down into manageable pieces so it can be absorbed into the operating process.

- **Competitive Strategy:** Competitors are working just as hard as you are in improving their companies and with transparency being critical in business today it is more likely than ever that they know what you are doing. Every good plan has a competitive strategy that evaluates current competitor's strengths and develops strategy that leverages your own—it may mean you stake out a unique niche or add missing capabilities. A honest assessment of

how you stack up against your competitors conducted through the eyes of your customer will go a long way to ensuring you have unique and meaningful advantages to offer your targeted customer base.

- **Flexibility:** A plan CAN be dynamic. First, focus on criteria for decision making. If you establish what factors you will use in deciding to make an investment (What is the financial hurdle? Does it leverage your identified capabilities? Does it help you deliver the customer benefits you outlined in your competitive strategy?), decisions are a lot easier to make and are made more consistently across the organization. Secondly, view the plan as a process not a destination and review it regularly to see if assumptions were well founded or if there are new market issues relevant to the company that require certain directions or goals to be re-examined. Most companies find that a quarterly review of measures and progress with annual reviews of major strategies is adequate.

Change is never easy and the pace of it will only increase. For our businesses to flourish in this difficult environment we must plan for future survival and growth...and that means developing a thorough and well crafted plan to guide us.

Margaret Reynolds is managing principal of Reynolds Consulting, LLC a firm that specializes in helping companies identify and develop market based growth opportunities. She can be reached on the web at mreynolds@reynolds-consulting.com.