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a newsletter on practical strategic planning and action
issue #4: don't make decisions in a vacuum

editor's message

For us, one of the critical differences between good and bad strategy is information. If you do not incorporate fresh information into your planning process, you risk being blindsided in the future by changes in your competitive environment.

This month we talk about the necessity of starting with external information and where to find it. Our industry spotlight looks at the role of customer and distributor feedback in consumer products companies. And, our Reading List examines *Early Warning*, a new book on competitive intelligence.

strategic planning

Start with Fresh Facts About Your Environment

Are you ever in a conference room with your colleagues, and it seems like everyone around the table has a different view of what you need to do? You may agree on your general goals. You may have a shared financial target. You may even be able to agree on small improvements in your business model that will give you boosts in revenues or profits. But beyond the incremental, it gets a lot harder.

If you are looking to make significant improvements in your business, you need something more than a few tweaks to your current practices. How do you break through to the next level of performance? Start with fresh information.

This is often the strategy step that gets the least attention. It is easy to assume that you know everything you need to know about your business and its environment. After all, you spend your corporate life in your market; why would you need to study it more? The truth is that you know everything about yesterday—but what about tomorrow? Most challenges come from a surprise or a change that starts outside your core market. The only way we know to avoid a surprise is to have a disciplined (but not complicated) process for generating fresh information.

By the way, fresh information also gives you a neutral starting point for your planning discussions. Remember the many differing views around the table? Start with a discussion about objective facts, not opinions. What are the market trends, customer needs, and technological opportunities for your business? An agreement about the reality—just the facts—surrounding your market opportunity and risks will lay a good foundation for planning the future. The discussion will no longer be about what individuals think, but rather what the facts tell you that you need to do. From there, it is much easier to work through to the action plans that make it

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fresh information. smarter decisions. great results.



all happen. Starting with the external makes it a lot easier to avoid sliding into an internally-focused discussion that only gives you incremental improvements—it will help you come up with new solutions, new opportunities, and breakthrough performance. Tips on gathering fresh information are covered in Michael's Strategic Action column below.

-Mary Adams (adams@trekconsulting.com)

strategic action

How to Gather Fresh Information

When you set out to collect fresh information for your company, there are four great sources of information that you should tap:

- **External Research** – articles found on the Internet about your industry, market trends, new technologies, your competitors...and articles about your own company. General economic or demographic information also may be applicable.
- **Customers** – Having strategic conversations with your key customers provides a fresh perspective from important sources of knowledge in your industry. This type of conversation should be specifically about your customer's future, not your day-to-day relationship. Your customers can give you new insights about your competitors, what trends they see in your market, and how you can serve their needs better.
- **Lost Prospects, Former Customers** – If presented as a strategic conversation, lost prospects and former customers can be very forthcoming about how you match up against competitors, and why they made the choices they did.
- **Employees** – Often, a great source of fresh information for senior management can be the employees who have frequent contact with your customers. Account managers, sales or customer service personnel – these are the types of people who will be able to share their insights after being on the receiving end of comments and feedback from your most important customers.

This kind of information should be gathered on a regular basis. There needs to be a clearinghouse (such as marketing, planning or the CEO's office) for synthesizing and analyzing the data. And, changes in your base information should trigger a new examination of your strategy.

- Michael Oleksak (oleksak@trekconsulting.com)

industry snapshot

Critical Customer Information in Consumer Products Companies

Successful consumer products companies constantly take the pulse of two important constituencies to develop their strategy: retail chains that sell their products, and end users—the actual consumers of the product.

The key accounts of consumer products companies are generally large retail operations like Wal-Mart, or other big chains that merit special attention. These key accounts are handled at many levels and in many different ways such as CEO to CEO or sales rep to buyer. Marketing groups communicate to coordinate campaigns while strategic discussions take place regularly on packaging, inventory management and sales. No matter what the context of the communication or discussion, representatives of the consumer products companies always ask how to serve the stores better.

For the end users (the consumers), the consumer products companies run focus groups, product testing, sample giveaway programs and surveys to get feedback on what works and what doesn't. Analysis is done to detect changing tastes and preferences. This feedback is also important for the release of new products, as part of research and development.

Consumer product companies generate a constant flow of fresh market information to fuel their strategy. Almost every kind of business can learn lessons from these practices.

reading list

Early Warning by Ben Gilad

The premise of this book is very compelling. The author is an expert in competitive intelligence and outlines an interesting three-step process for developing competitive early warnings:

- Risk Identification - In the initial stages of planning, companies should be very conscious of the assumptions they make. These should be explicitly listed and set up for follow-on monitoring.
- Intelligence Monitoring - A clear process for monitoring the data related to the key planning assumptions should be put into place. Any significant change should be highlighted to the planning team.
- Management Action - A good analysis of changes in the competitive environment should be the inspiration for management to react and adjust its strategy.

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Although we recommend this book for much of its content, we should warn you that its style is annoying. The author constantly uses acronyms of his own invention and editorializes about the kind of managers that he expects will ignore his advice. Nevertheless, he includes many real-life case studies of this kind of warning system in action that make it worth your time.

For more information about this book, visit: www.amanet.org/books/catalog/0814407862.htm.

announcements

Trek Consulting will be part of a multidisciplinary team presenting a seminar on "Maximizing Value and Achieving Liquidity for the Closely-Held Business". The program will be in Waltham, MA on September 28.

Look for Trekking #5 on September 14 in which we will examine exit strategies and succession planning.

about trek consulting

Since 1999, Trek Consulting has helped CEO's of early stage and middle market companies to face challenges of growth, change and succession. Our hallmarks are fresh information, disciplined analysis and practicality. We help you create specific action plans with metrics tied to revenues, costs or corporate value. Then we follow up to help you keep on track and/or adjust your plans as circumstances change.

Our clients report improved market focus, increased revenues, better margins and lowered costs. To learn more about Trek Consulting and how we can help you improve your company's results, visit us on the web at www.trekconsulting.com or call us at 781-729-1008.