



Transformation execution the key to successful strategic planning

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As 2010 winds down we are entering the third year of what has come to be called the Great Recession. The Recession arguably started in late 2007. The S&P 500 is off 29% and unemployment is still hovering around 10%. The challenges facing individuals and businesses are daunting. The critical question for both is how to navigate in this type of environment and create their own sense of reality rather than becoming a prisoner of the current macro environment.

Ultimately businesses are comprised of individuals and it is the ability of these individuals to execute effectively that will drive success. In business the ability of senior management to lead these individuals is what often determines who succeeds and who falters. Today there are many senior team leaders who are so overwhelmed by the day to day challenges of their business that they neglect the longer term needs of their business. In short they react to the short because they have not proactively focused on the long. Traditional consultants often times engage in a process that repackages information downloaded from the senior team and creates a "strategic or business plan" for these overwhelmed executives to execute. More times than not the plan goes nowhere, the client feels frustrated about the valuable resources expended with little or no tangible results, and the company continues to stagnate. There is however a better way.

All successful companies share a few common traits;

continuous improvement, consistently applied pressure to existing structures, a thirst for new information, and ultimately exceptional leadership that breeds a culture of self inspection. This self inspection is the starting point for what we will call transformation execution that converts strategic planning into milestone success. In developing a strategic plan the initiators must be first and foremost be willing to evaluate everything including their own behaviors, the corporate culture, outside forces, and the current condition. They must be willing to evaluate these factors among others without regard to personal vestige in them. There is a large corporation that on the surface is very successful but within its walls is extremely dysfunctional and stifling. The reason for this is a corporate culture that allows no true introspection, a belief that it is better to not be wrong then it is to be right, and a management hierarchy that is more interested in itself then in its customer base (expand the definition of customer to include internal subordinates).

Transformational execution can be accomplished through the following core process:

1. Clear identification of goals and objectives – This process is extremely important however there is no guarantee that where you start is where you will end. Senior leadership must be open to allowing current ideas and thinking to evolve and direction to change. The ability to communicate the corporate goals and objectives effectively to the employee base will be critical to the ultimate success of any strategy.
2. Open evaluation of current resources, systems, processes, and leadership – This will be one of the most challenging aspects of the process. In the end senior leadership may find that everything is properly in place but more likely than not they will find gaps. Resources can be human, capital, budgetary, material, or external partners. Systems that need to be evaluated include technological and internal processes. Leadership should be critically evaluated and open to critique. External coaching should always be examined. Every elite athlete utilizes coaches as do elite business leaders.
3. Incorporate fresh and objective perspective and information – Gary Harpst describes the phenomena that many companies suffer from as organizational entropy. The law of entropy holds that holds that any closed system will eventually decline or become

completely disorganized unless more energy is put into the system. Senior leaders need to be open to ideas that may challenge or even refute the current thinking many times this will come in the form of an outside entity.

4. Evaluate operational efficiencies – What you do is often times not as important as how you do it. Many companies may be on the right track strategically but without operational efficiency they may never get there. It is critical to incorporate an evaluation of efficiency and to utilize tools like lean, six sigma, and new technologies where appropriate.
5. Examine and critically evaluate capital structure – At the end of the day without the right capital structure or capital resources even the greatest strategy cannot be executed. Capital structure should be looked at from both a macro corporate perspective as well as on a budgetary divisional or departmental level.
6. Reset goals to incorporate objective realities – A second look should always be taken at the corporate goals at this stage in the process. A thorough GAP and SWOT analysis are great tools to facilitate the honest conversation that will be necessary to accomplish this step.
7. Align resources to execute plan – The next step in successful transformation execution is to make sure all resources are aligned properly. A series of questions should be answered in order to proceed. Are the right people in the right seats? Do you have your capital budgets lined up properly? Are you capitalized properly to handle the inevitable delay or unexpected event? Has senior management communicated the objectives and goals effectively? Are the systems ready for what they will need to handle tomorrow and next week as well as next year?
8. Establish accountable coaching and inspection process – Once you have determined what needs to be done first, establishment of the critical path, accountability must be established. This accountability will require coaching and an inspection process that allows monitoring and feedback throughout the organization. Inspection must be both self inspection and third party inspection.
9. Make adjustments – As the process unfolds you must be prepared to make adjustments and tweaks. These will be direct outputs from the inspection process. There must also be a macro review of all moving parts so that silos and disconnected initiatives don't develop.
10. Stay focused, innovate with purpose, revisit step one – The final step toward transformation execution is to stay focused on the strategic plan, make adjustments with innovation that supports the fundamental purpose of the plan and does not distract. Avoiding distractions is essential if senior management is to be successful. As attractive as opportunities may appear if they do not fall in the critical path you must say no or no for now. Too many companies find themselves treading water or just shifting chips because they lose focus. Even hyper-growth companies can find themselves in trouble quickly as the cash flow covers up fundamental issues that are not being addressed until too late.

In the end the process is a cycle and as part of the last step excellent leaders will revisit step one and start the process over on a continual basis in order to complete the transformation to successful strategic planning and execution.



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