

growing business

The Grant Thornton periodical
for the owners and managers of
growing businesses

Grant Thornton 

In this edition of **growing business**, we look at how you can successfully implement strategy in your business...

How often have you thought - I really have some great ideas for this business - if I could just find the time to make them happen?

This is a common problem for owners of growing businesses. You know the importance of properly planning for the growth and development of your business but finding the time to step away from the business can be difficult. Then the war stories flood back of the plans you made that never amounted to anything. The phone rings - it's a customer who needs something done straight away, you quickly forget about the future and return to the here and now.

So how do you get a hold of a streamlined process that gets everyone's good ideas out in the open and starts to make them part of the 'day to day' going forward?

Strategy development - the basics

There are four basic steps in a good strategy development process :

1. Develop a plan and set of strategies for the business that define where you want to take the business in the future.
2. Convert this plan into actions and targets that represent the first steps towards your end destination.
3. Align organisational systems and processes to support and drive execution.
4. Execute the plan by tracking the action plans and targets and modifying the plan as circumstances change.

Strategy development - not-so basics

Of course, if implementing strategy was easy, everyone would be doing it and doing it well. Unfortunately it's not; research shows that only 10% of formulated strategies actually get implemented. So why do so many organisations fail? From our experience, it comes down to a lack of three factors.

- Commitment - strategy needs to be developed using a process that builds organisational commitment to the direction being pursued. This means people within the organisation need to have input into the development of the plan so that resistance is reduced and a sense of ownership of the plan develops.

- Communication - for strategy to actually be implemented, people need to understand what the strategy is about and what their part is in implementing it. This communication step is often pushed to one side in the rush to execute the plan.

- Culture and systems - organisations have many (official and unofficial) systems, processes and ways of doing things that collectively make up the organisation's culture. Many strategic changes will require changes in culture to be successful.

Execution builds credibility

At its core, a plan is a forecast or prediction of where the organisation will be in the future and how it will get there. As with all forecasts

they gain more credibility when at least some of what was predicted actually happens. This is why taking positive steps to drive execution is essential to making planning a worthwhile exercise.

Numbers are not enough to drive execution

When it comes to executing strategy, most organisations simply convert the desired outcomes of the plan into a financial budget and then use the normal monthly reporting cycle to monitor whether the plan is actually happening. We would argue that this is only part of the answer.

Two things are needed (in equal amounts) to ensure your plans gain traction and start becoming reality.

1. A clear action plan - with responsibilities, milestones and deadlines that are followed up on a regular basis.
2. Key Performance Indicators (KPIs) - that focus management action and discussion on a small number of critical measures.

Much of this sounds like common sense but it is amazing how many management reporting processes do not include them or include discussion and reporting of so many other things that these things get lost or lose focus. Eliminating less important things from your reporting process will increase your focus on implementing strategies.

Taking some **steps in the right direction...**

How to implement effective strategy

1. Break away from the day to day and make time to plan for the future of your business.
2. Get an action plan containing a handful of short-term, achievable and resourced projects that your team can work on.

We can facilitate a focused planning workshop for your team consisting of two consecutive half day sessions. These sessions are designed to identify and address critical issues and build your team's commitment to execution. After the sessions we will clearly document your plans in a format that enables execution and follow up.

3. Identify two to five KPIs for yourself and each of your key managers. Report on these two to five items, plus your action plan projects every month. Look at which parts of your normal reporting process can be eliminated to give you time to focus on these issues.

We offer a KPI and Scorecarding service that analyses business performance and helps your team to identify the measures that are critical to success. We then provide some templates that facilitate tracking and reporting of performance going forward.

4. Think about all of the official and unofficial systems and processes in your organisation. Identify those that are not supporting your strategy - change them or get rid of them.

Our strategic management diagnostic service uses an interview process to develop an inventory of the systems, processes and engrained behaviours that can impact organisational performance. Once identified and prioritised, these processes and behaviours can be targeted with specific actions and initiative.

The impact these steps can have

A manufacturing business trialed this four step process across a number of their plants for a period of 18 months. It did not enforce or police compliance, it just let each plant use the process to the extent they felt comfortable. Some plants took on a handful of improvement projects, others took on over a dozen. Some continued to use their existing monthly reports, others just reported on KPIs and projects.

At the end of the trial period the financial and operating performance of each plant was compared. Not surprisingly, those plants which followed the process well not only successfully executed a greater percentage of their improvement projects, they also achieved better financial results.

The bottom line

Planning, acting, achieving results and then planning again can be a self reinforcing cycle that drives significant improvements in business performance. Getting it right is not easy but taking a few steps in the right direction can increase the level of energy, commitment and enthusiasm your people have for making strategy happen.

For more information, please contact:



Graham McManus, Grant Thornton Brisbane
T +61 7 3222 0200
E gmcmanus@gtqld.com.au



Ian Judson, Grant Thornton Brisbane
T +61 7 3222 0200
E ijudson@gtqld.com.au



Peter Godber, Grant Thornton Brisbane
T +61 7 3222 0200
E pgodber@gtqld.com.au

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