

LOOKING BEYOND YOUR NEXT PROJECTOR



Everyone loves a good strategic plan...so why doesn't everyone have one?

"Real World 101" is the satirical title of the most important course many university grads ever take - the one that teaches the difference between classroom studies and reality. However, Keith Ogle, president of Plus One Audio Visual in New Lenox, IL, had a strikingly different experience when he and two partners launched a strategic planning process for their company. Surprisingly enough, Ogle found the line between his academic and operational experiences became a little blurred.

In fact, the company's planning efforts dovetailed nicely with Ogle's ongoing MBA studies at nearby Morehead State University. He used the university library for research and ideas from his classes and seminars as grist for the strategic plan. "I'd bring ideas to the group and we'd discuss them, then do a synopsis, circulate it, and discuss it again," Ogle says. "Even though our meetings were informal, we had a very formal approach to the process."

Formal or not, Plus One's commitment to strategic planning seems to place it in the minority among most professional AV integration firms.

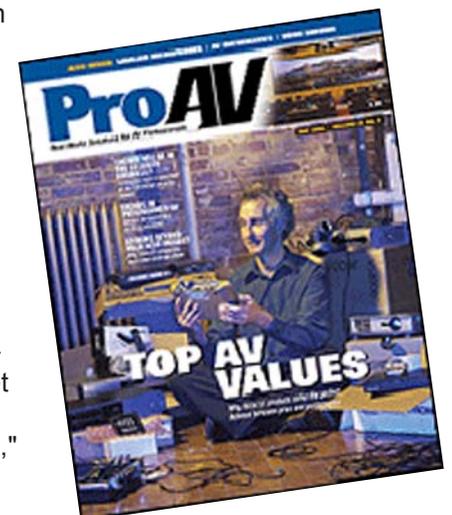
Strategic planning is a good thing, of course: Every company needs a sound plan. Nobody wants their firm to drift rudderless without direction. But for many in the pro AV industry, strategic planning may be (as Shakespeare's Hamlet once put it) "a custom more honored in the breach than in the observance."

Many companies never start a strategic planning process. Others start and run aground on issues ranging from time commitments to management turf wars. Still others complete impressive plans and store them in binders on shelves, never to be looked at again.

Successful strategic planning efforts can be as different as the companies and leaders behind them. At Plus One, Ogle felt it was important to conduct planning activities away from the bustle of business. "We would meet for five or six hours on a Saturday," he says. "In addition to that, we tended to meet informally almost every day."

In the early days, the team had a full-scale "sit-down" at least twice a week - though once the bulk of the work was done, that schedule settled down to meeting roughly every two weeks. "We had a plan to manage growth up to a certain point," Ogle says. "Now we're approaching that point, and we have been planning the next several phases."

In general, many observers say the professional AV industry's strategic planning efforts today are paradoxically more than the industry actually uses and a good deal less than it needs. "You're always either preaching to the choir or preaching to the deaf," says Don Kreski of Kreski Marketing Consultants, Mt. Prospect, IL. Kreski believes the industry is made up of companies already sold on strategic planning and others who don't get it and never will. "Some very small companies not only don't do planning, but aren't about to do it no matter how I beat on them," he says. "There's a reason small companies are small."



by John McKeon

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Some of the reasons smaller firms give for not taking strategic planning seriously are by no means limited to mom-and-pop shops. Even among larger companies, Kreski notes inertia is built in. "They've been doing whatever they're doing forever, and they're making a living, thinking, 'we're doing okay,'" he says.

For some, strategic planning enters the picture either when the firm faces a crisis, or when new owners come onboard. "The real challenge is can you get the small and mid-sized companies to do plans and stick with them?" Kreski says.

Foreseeing change

It was the prospect of a crisis that partially motivated CCS Presentation Systems, Scottsdale, AZ, to launch its strategic planning effort several years ago. "Like many integrators, we started out as a box house originally," says CEO John Godbout. "When the margins in that business started cratering, we knew we had to do something else and a larger focus on the integration side of our business was a natural progression."

Originally, the company didn't do any formal strategic planning, explains Godbout. "But now we are very dialed in to budgets and planning," he says.

The initial wave of strategic planning relied on a six-person team, including department heads from operations, service, sales, systems integration, the company's web division, and the chief financial officer. Yet he maintains the process really starts with the sales team.

At first, the group met monthly, but now meets once per quarter due to all of the other regular meetings.

Choosing a focus

BC Group of Norcross, GA, was built on a strategic plan from the beginning, says CEO Merry McCleary. However, she admits it often isn't easy to draw a clear line between strategic planning functions and ongoing business operations. "Most of the development of our processes has been done during the work day," McCleary says.

Early on in the plan's evolution, BC Group's management chose to focus on improving processes rather than building revenues. In every area from design to CAD to cost calculations, BC Group tried to squeeze maximum productivity from its processes while eliminating costs, inefficiencies, and opportunities for mistakes.

The first challenge was simply to understand how the company and its personnel were doing their jobs. BC Group assigned some individuals to "ghost" others during typical work days, to help develop an understanding of exactly what went into jobs and processes - everything from filling out time cards to developing job-related docu-

ments came in for close scrutiny.

This emphasis on processes to planning probably cost the company a significant amount of revenue growth in its early years, admits McCleary. "Had we not spent this time on our processes, our revenues would probably be much higher today than they are," she explains. "We've grown every year, but we probably could have grown much faster if our focus had been on revenues."

What's the upside? The revenue growth the company is realizing now generates higher profits and better project results precisely because its processes have been so highly polished.

Today, BC Group faces challenges that may call for a different type of planning. A decision to open a new division or branch out into a new specialty would probably be approached differently from the process-centered planning that shaped the company's early efforts, McCleary says. "Our next strategic plan is toward new directions," she says. "We've got this smooth running engine, where will we go with it?"

The next plan, she adds, "will probably be more of a sit-down process, probably off-site."

However, as soon as that new plan moves from concept into implementation, the company will return to its tried-and-true focus on optimizing processes to get the most out of every part of the business.

Impediments - old and new

Consultant William Sharer, CTS and founder of Exxel Management and Marketing Group in Lambertville, NJ, thinks many companies launched in the booming mid-1990s have only recently confronted the need for long-term planning. "Folks who entered the market then don't know how to prospect because they've never had to do it," he says. "The tougher conditions of today's economy are driving these firms to stronger planning, bankruptcy or acquisition by others."

Sharer warns that many people get hung up in nomenclature. "What one person calls a strategic plan can often go by many other names, and sometimes distinctions get blurred," he says.

Perception of strategic planning as a daunting long-range process requiring vast commitments also tends to deter companies from starting. "Strategic plans historically have had five-year timeframes, which is just plain silly," Sharer says. "Nobody can look beyond a year or two." His company recommends a "rolling 15-month" time window.

"One place you can go wrong is believing you have to start the planning process in October and it has to coincide with your fiscal year," Sharer says. "You can start any

time."

Failing to pay enough attention to finances is a common flaw in strategic planning, he adds. "What are the elements of your strategy that need to be dollored out?" he asks. This analysis must include estimates of costs for research as well as promotion and similar efforts.

Ogle agrees. Launching the planning process a year before starting the company, Plus One's founders quickly decided finances would be especially critical. "To reach X dollars in sales, you will need X marketing dollars, X operating dollars, and X dollars line of credit," Ogle says. "We established this long before we needed it."

Lack of reliable data

"This industry does exactly zero in research, and as a result many plans are based on very poor information," Sharer says.

Christopher "Kit" Lyle of Acclaro Growth Partners, Reston, VA, has identified a variety of specific points that can become weaknesses in a planning process. Information failures are prominent on the list: As Lyle puts it, "making assumptions based on past experience rather than current reality."

What are the other most common failures? "Coming up with a plan that's not implementable, that has nothing specific for anyone to do, and not having the discipline to put time and energy into doing the investigations and research and really thinking about it," he says.

Other problems are more prosaic. "Turf wars and jeal-

ousies can happen," Kreski says. "There can be big disagreements. But conflict within an organization, unpleasant as it may be, can also bring out good thoughts."

Consultant John Stiernberg of Sherman Oaks, CA, sees another common roadblock in the fear of delegation. "The boss or owner thinks he or she needs to do all the planning alone," he says. "It is often best if the owner plays the role of visionary and approval authority, but does not get involved in all the nuts and bolts of putting a business plan together."

Successful planners, and the consultants who sometimes help them, stress several things good strategic plans have in common. The process should be formal, they say. It should include regular meetings that result in clear "to do" lists. And although disputes and arguments should be welcome, even encouraged, everyone should be prepared to pull together once decisions are made. Most important, companies should be prepared to change their plans when circumstances change.

Even companies that do little or no planning often acknowledge they should be doing more. According to Stiernberg, whose organization is presenting a two-day seminar on this topic at InfoComm 2004, the most common hindrance is a schism between managers' experience and their business skills. "Most integrators come from technical backgrounds and have little or no formal business training," he says. "Here's the good news: Strategic planning is a learned skill, just like system design, installation, or any other technical skill. Once integrators begin to think of business in the same light as technical work, they begin to make fast progress."

"DON'TS" FOR STRATEGIC PLANNING

Experts says systems integrators can improve their chances for a successful strategic plan by avoiding these common pitfalls.

- Don't assume that because the company is "doing fine," you don't need a plan. You never know how much better than "fine" you could be doing. Besides, good times don't last forever.
- Don't limit your planning activities to the fourth quarter. Start any time, and keep it going year-round.
- Don't try to project your company through an unrealistic timeframe like five years. Keep your time focus practical
- Don't stifle arguments among key participants. Encourage debate. But don't be crippled by prolonged disagreements, either. Make it clear that once an issue is settled, everyone has to pull together.
- Don't overlook money. Research, marketing, and education – these and other things called for by your plan will all have cost impacts.
- Don't forget "to-do" lists. A plan without specific implementation activities and responsibilities is no plan at all.
- Don't tolerate turf wars and departmental jealousies. Give everyone a chance to be heard, but insist on teamwork.
- Don't let the boss do it all, or let other executives get by with only saying what they think the boss wants to hear.