

Strategic planning exercise defines new direction & delivers business improvement & business growth.

Like many businesses that have been around for a while Reagent Chemical Services Ltd in Runcorn had found itself as something of a plodder. That's not to say it was lazy, in fact, on the contrary the business was doing all sorts of things and with a considerable amount of energy too. The fact was however, that year-on-year over the past 5 years nothing too dramatic had changed in the way of turnover or profitability. RCS management recognised the need for a definitive strategy that would change the future of the company from predictably stable but operating well-under potential to dynamic and progressive with the very strong possibility of greater fortunes RCS engaged the services of Bergander to facilitate a strategic review with their management team and the scene was set for two intensive days of analysis and debate at an off-site location. Off-site because we believe that (a) you must avoid the almost inevitable interruptions from colleagues, and (b) when you need a visionary mindset you don't want to be surrounded with the status-quo that so often is responsible for stifling new ideas and creativity.

The strategic review opened with a simple team analysis exercise through which each member of the management team was encouraged to 'open-up'. As an initial exercise it provides an excellent back-drop to the rest of the 2-days as it sets the scene for an open, honest and uninhibited dialogue which are crucial prerequisites for consensual strategic decision making.

After the initial ice-breaking (sometimes even ground-breaking!) activity the strategic review moves into training mode briefly. We explain the meaning of strategy and the role of strategy. We explain the differences and connectivity between strategy, goals and plans and also mission and vision which are so often misunderstood and confused. In explaining the true purpose of strategy we believe that we help participants to be suitably courageous and forthright with their views. The brief training session gives people a mandate to think radically and be open-minded. Of course agreeing upon a new business strategy can involve risk and for a business such as RCS a departure from the norm can be (and was!) seen by some as an unnecessary foray into uncharted territory. In explaining strategy we discuss the rate of change in the industry in question and this rarely fails to build some sense of urgency and drive for doing things differently in the future. As a manufacturer and distributor of chemicals, RCS is in a rapidly changing market so radical thinking would be required.

The strategic review itself begins with everyone forward looking and with a positive mindset for change. We start the analysis itself with the powerful Boston Matrix which is used to describe the business and its products and services in an extremely simple but effective way. At RCS some commonly held perceptions about the existing product portfolio were challenged, and this is not uncommon. As the first in a number of highly objective strategic decision making tools, Boston, may start to sew some seeds of new ideas and new opportunities for the business. Specific areas for new product development were already starting to look attractive to the RCS team.

The strategic review is further supplemented with a Porter analysis. A strategic analysis built around the principles first established by Michael Porter provides another extremely powerful source of guidance in preparing the strategy. Some at RCS were keen to consider the business as a niche player but the team agreed that ultimately RCS supplied its products and services on the basis of differentiation and in formulating a strategy we would have to ensure the extension of a number of key business differentiating factors. How to build these into Unique Selling Points was also discussed by the RCS team. As part of the Porter Analysis we review not only competitive strategies but also the quality-cost position of each of the products and services. This activity is crucial in defining the future sales proposition (and perhaps even the existence) of the different products and services.

The final step in the analysis phase of the strategic review is to conduct a SWOT (strengths, weaknesses, opportunities, threats) analysis of the business. It is traditional for strategic reviews to include a SWOT analysis and very often they are the centre piece of the review. If not the centre piece, a SWOT is often the opening exercise in the review but we believe that it is best applied once the other strategic tools have

truly stimulated the change agenda. Perhaps also a little unconventionally, we insist on examining first the external factors (i.e. the opportunities and the threats) before we examine the internal factors (i.e. the strengths and weaknesses). We believe that it is important to do it this way around as the external environment will always provide the ultimate driver for what we decide to do. After all, a weakness is only a weakness in the light of requirements or expectations that come from outside the business. We use a team consensus technique to arrive at an agreed and prioritised set of SWOT factors that will have to be addressed in the formulation of the strategy.

With the SWOT analysis completed we move towards actual strategy formulation which starts with a review of all the factors collated so far. At RCS we were looking at a world of opportunity with a significant number of new ideas and new ventures possible. Organisationally the business also had some important considerations and with Bergander facilitation we agreed the key areas of action. In some cases we were highly objective and agreed a course of action that would provide the best return on investment. In some other areas we went with what we instinctively felt was the right course of action and any good strategic review will inevitably include at least a small element of such an approach.

The crucial part of the strategic review is in congealing the findings and recommendations into a single clear document that can be used to drive the business forward. At RCS, in common with other strategic reviews, we created a single sheet of paper that would become the definitive strategic document for the business. At the top of the paper we had a mission statement (that embraced the aspirations of the business) and also a financial goal in terms of both a turnover and profit target. Below these we agreed upon seven discrete goal areas that between them would transform the business. The goal areas were processes, communication, people, business image, sales, new product innovation and management information and beneath each of these we agreed specific and measurable objectives together with a project team owner and deadline date for completion.

In the course of the 2-day strategic review, RCS had gone from a set of disparate ideas to a definitive set of goals and objectives that now had an unstoppable momentum. Steve Hudson, MD of RCS, said of the review, "we have a totally refreshed and renewed sense of purpose that will shape everything we do, to help us achieve our goals".

Since defining their strategy with Bergander, RCS has gone on to achieve all but one of its goals and objectives that it set itself 12 months earlier. Bergander is always proud to be a part of such formative occasions as a strategic review and we maintain a keen interest in the fortunes and progress of all our clients. One of our clients conducts a strategic review with us each year in July. It's an opportunity, away from the business, to review the business goals, check progress against strategic targets and ratify, amend or add new goals to the strategy for the year ahead.

If you would like to discuss a strategic planning exercise for your business in which we will help you to define your vision for the future, together with goals and action plans ready for implementation please give us a call on 0870 416 1000 or email us at improve@bergander.co.uk. These programmes are an extremely effective way of radically improving your organisation.

"I would have no hesitation in recommending Bergander Ltd for a strategic review, when we have fulfilled our goals we will be contacting them again" – Steve Hudson, MD of Reagent Chemical Services Ltd

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