



SupplyVelocity®

Strategic Planning

Using Strategic Filters & Wildly Important Goals

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April 2010

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Abstract

The strategic planning process can take many paths. It can require months of preparatory analysis or simply use the collective knowledge of the management team. Either method requires that the company make decisions on its future course. In this paper we will show how to use Strategic Filters as a way to sift through the data and make the best decisions. Then, we will focus these decisions into a few Wildly Important Goals (WIGs) that will be resourced and completed.

Strategic Planning: Strategic Filters & Wildly Important Goals

1. Driving Force Filter – The Competitive Advantage you can Prove
2. Emerging Trend Filter
3. Customer Filter
4. Wildly Important Goals
5. Strategy Map

Driving Force Filter

The driving force is the key differentiator or competitive advantage of the company. The most important element of the driving force is the proof. If you want your employees and your customers to believe it, then you must find the data that backs up your claim.

Here is a list of things that are NOT acceptable examples of driving force:

- Knowledgeable employees
- Customer Service
- Quality
- Trust
- Responsiveness
- Reputation
- Innovation
- Etc.

The reason these are not good examples is that any company can claim these and everyone is saying it. If everyone is saying it, then no one will believe it.

Here are some driving force examples that the marketplace can believe are real differentiators:

- Innovation / Experience – We invented surgical-adhesive to replace sutures. The use of surgical-adhesive reduces surgical time by 20 – 90% with lower risk of infection.
- Speed – We will produce any custom product in 2 weeks or less versus our competitors who are at 6 weeks or more.
- Rugged – We produce the most rugged portable power generation equipment for military use. Our mean-time-between-failure is 10,000 + hours.



- Customer Service / Training – We trained 1580 customer-mechanics in service/repair techniques last year and have two mechanics dedicated to assisting customer-mechanics over the phone.
- Product Leadership – We are the only Consulting Firm in the Midwest with experience applying quantitative process improvement tools to streamline sales and marketing; reducing costs and growing sales.

Once you know and agree on the Driving Force for your company, you can use this to understand:

- What you did to be the best
- The core competencies that support your Driving Force
- How you stay the best

Emerging Trend Filter

Emerging trends are outside forces that you cannot control and may impact your business. These may include:

- Economic/monetary trends
- Political/regulatory trends
- Social/demographic trends
- Market conditions
- Customer attributes/habits
- Competitor profiles/mix
- Technology evolution
- Manufacturing capabilities
- Product design/content
- Sales & marketing methods
- Distribution methods/systems
- Resources – natural/human/financial

We want these to be a strategic filter because they may require you to change your business model beyond internal competencies and customer requirements. They will impact how you:

- Sell
- Distribute
- Purchase
- Plan acquisitions
- Develop new products and services



We have lived during a time of great external disruption. Books and newspapers are a great example. Amazon changed book buying by making almost every book ever published available, either new through its warehouses or used via used-book partners. Instead of buying just what is in the bookstore you can buy whatever you want, get recommendations for new books based on what you previously bought and read comments from other consumers before you buy.

Then Amazon changed again by offering the Kindle E-reader linked to its online bookstore. Now you can have thousands of books 1 minute after you, buy delivered wirelessly over cell networks. Newspapers and magazines are delivered to your Kindle every night at 3 AM. No ink, no printing, no late or missing delivery service, no problem when you travel. Instead, you get perfect service.

Now we now have the IPAD from Apple, which promises to embed graphics and videos within books, magazines and newspapers. This will incorporate the e-delivery features of the Kindle and make the reading experience completely different.

Printers and Publishers needed to see these trends coming, to survive and thrive. These developments can shut down huge companies and make others clear winners.

Other trends of note are environmental/clean-tech, monetary/interest rates and global markets/supply chains.

Customer Filter

Understanding your customers completes the filter-puzzle and will allow you to make the best decisions on your strategic plan. A significant time is spent understanding who are your best customers. We recommend a quantitative approach of choosing the key measureable characteristics that are important to your organization and then using Pareto Analysis to sort your customers from best to worst based on these measures.

Once you know who your best customers are you can determine the characteristics that they share. Communicating through the sales force or directly with these customers you need to ask two critical questions:

- Why do they buy from you?
- What pain do they have?

At the end of the Customer-Filter session you will know:

- Who your best customer are
- The characteristics of the best (what differentiates them from everyone else)
- Why customers buy from you
- What pain customers have that you may be able to solve (with special emphasis put on the best customers)



Wildly Important Goals (WIGs)

With all the preparatory work complete you can now create your strategic plan. The best companies always focus on achieving a few wildly important goals. Everyone in your organization is working on the important things every day. Serving customers, delivering product, coaching employees, buying, etc. are all important and need to happen every day, week and month. Strategic Planning looks out on a longer time horizon. Therefore we need to go above the important and focus on a few (3 or less) Wildly Important Goals that will take longer but will create breakthrough results for your organization.

This focus gives the plan a sense of reality. Lots of organizations try to do too many things and end up either not getting most done or doing an average job. You want to be great!

These WIGs can include:

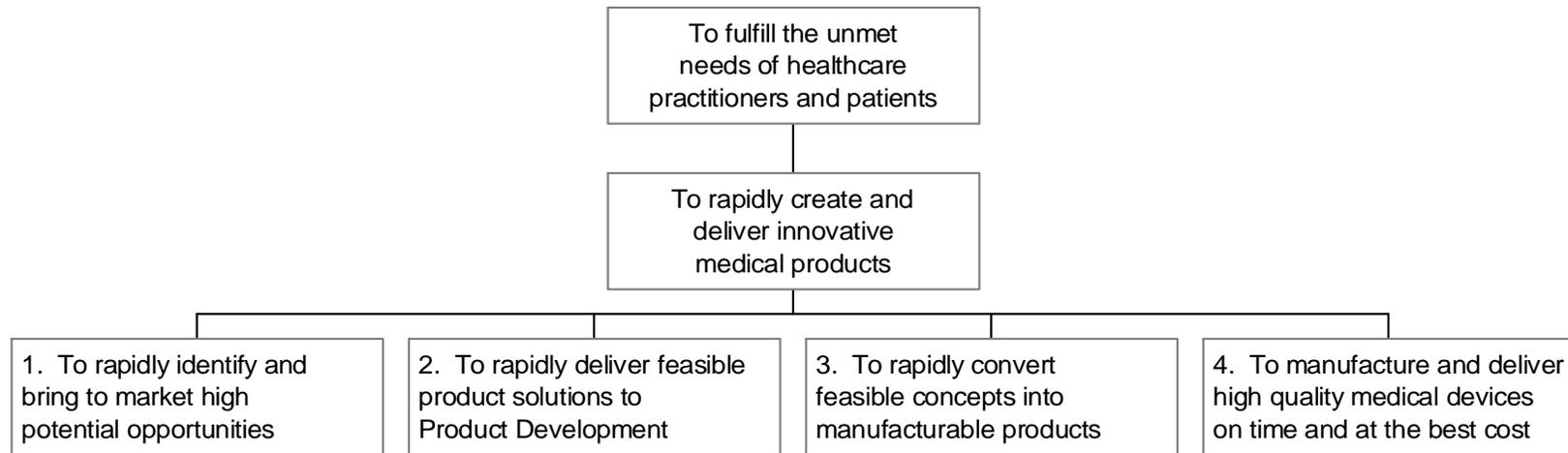
- Acquisitions or divestitures
- Major capital expenditures
- Product development
- Geographic expansions
- Entire new businesses or brands
- Marketing campaigns
- Globalize the supply chain
- Internal process improvement efforts (Lean Six Sigma)
- Implementing new information technology systems
- And endless other ideas

Strategy Map

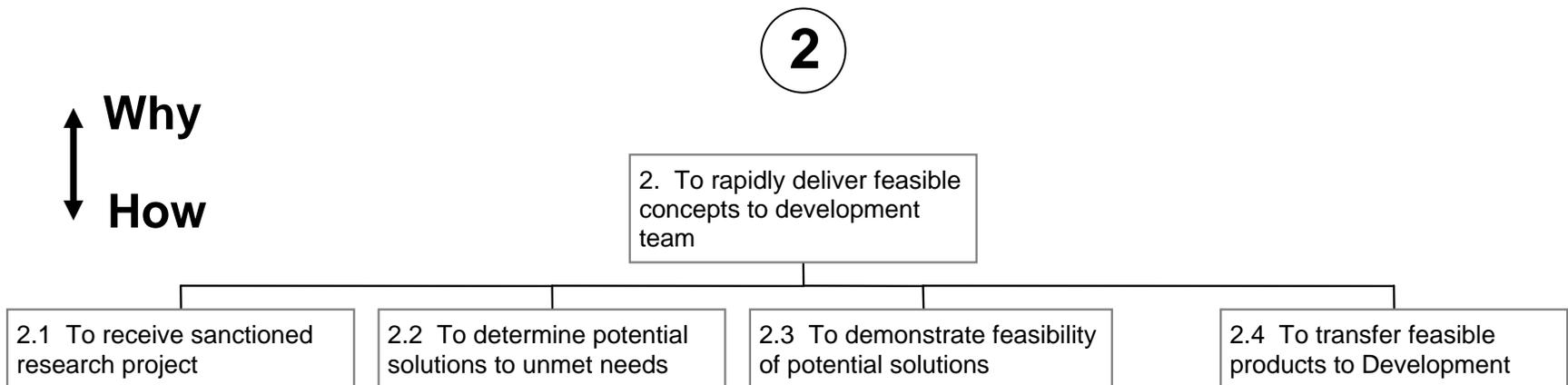
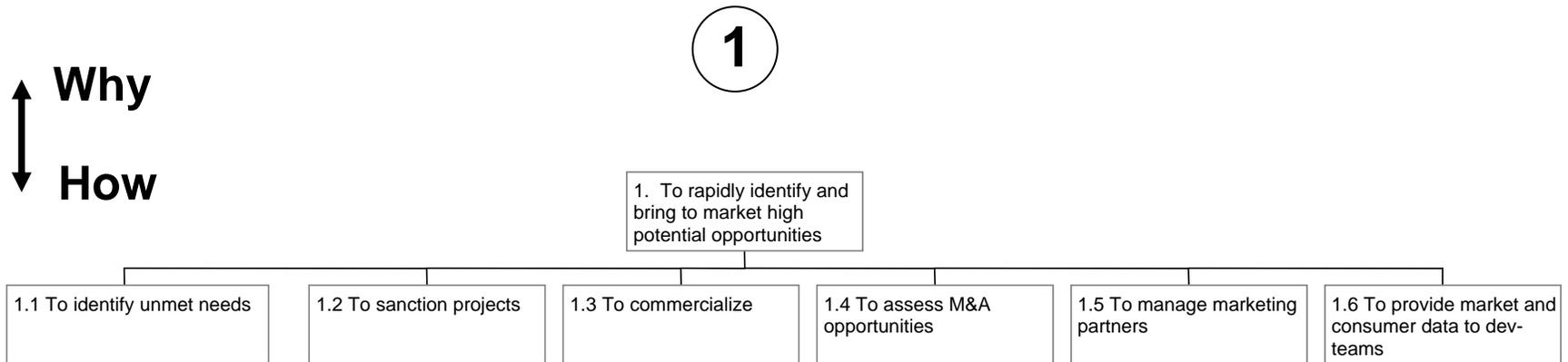
The last step is to align the organization with the Wildly Important Goals. A Strategy Map is a simple tool to visually show how each department is going to support each WIG. Below is an example of a medical technology company whose Wildly Important Goals was to dramatically ramp-up new product development. Notice how Marketing, Research, Development/Engineering and Manufacturing all support this strategy.



Example of Product Development Strategy Map



Continued on next two pages





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Why
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How

3. To rapidly convert concepts to manufacturable products

3.1 To receive feasible concept from Research

3.2 To create robus designs

3.3 To create robus manufacturing process

3.4 To obtain regulatory approval

3.5 To transfer robus to manufacturing

4

Why
↕
How

4. To manufacture and deliver high quality medical devices on time and at the best cost

4.1 To accept mfg processes and test methods

4.2 To create long term manufacturing strategy

4.3 To continuously improve process quality and cost

4.4 To produce and ship products to customers