



AlbuOnStrategy

Winter 2007

Stop Business Killers Before it's Too Late

Business killers can creep into an organization, stifling momentum or, in the worst cases, driving companies out of business. Here are four business killers we commonly encounter, and how *Albu Consulting* has helped to address them:

An unwillingness to change – Change isn't easy for any organization. It requires commitment at all levels throughout the company. But change is necessary as your industry changes around you. Don't allow your company to become stagnant. Find ways to motivate employees to look for new ideas and processes that will improve business performance, adapt to the changing world, and take your organization to the top of your industry.

Lack of clear direction – To be most effective, employees need to know what the organization's objectives are and how their work will help the company achieve its goals. Without clear direction from the top, departmental politics will often take over, creating different agendas. This leads to poor communication and a lack of cooperation among departments. Leadership means setting clear direction, assigning responsibility and holding people accountable for results. Your people will welcome the clarity

and understand their value to the company.

Spreading resources too thin – Most companies I work with have plenty of ideas, which can be of great value. But I've yet to find a company with limitless resources. Chasing too many ideas at once increases risk and spreads resources too thin. Setting clear direction and aligning activities to goals will focus resources on the most promising ideas, maximizing your return on investment.

Inadequate follow-up and follow-through – When business leaders are pulled in 10 directions by day-to-day responsibilities, it's much easier to put off following-up on key initiatives. But inadequate follow-up and follow-through can be ultimate business killers. Staying on top of key projects is important to achieve the company's goals, and reinforces to employees how critical certain projects are to the company.

At *Albu Consulting*, our best practices approach to business renewal will help you avoid these business killers. If you'd like to learn more about how we can help you, give us a call.



An Interview with Rob Krist

I recently sat down with Rob Krist, Senior Vice President of Strategy for Cadbury Schweppes Americas Beverages, to talk about their strategic planning process. Cadbury Schweppes is known for its ability to identify key issues and opportunities, set goals, define the right initiatives and keep everyone informed of progress. Rob attributes much of Cadbury's success to maintaining organizational focus through relentless follow-up on key initiatives and its tracking of progress against clearly defined goals.

To what do you attribute your success in strategic planning?

We use "Strategy Mapping" from the "Balance Scorecard" to help keep us focused on key goals. By mapping the strategies we are able to focus resources on key objectives, and track performance on a regular basis. For example, if a strategic objective on our map were to improve a Value Driver we would kick-off an initiative to address that Driver — appropriately resource, set



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Dear Friends,

If one of your New Year's resolutions is to improve your company's performance in 2007, this issue may be particularly helpful to you.

In our lead story, we highlight four "business killers" that threaten many enterprises today. If these are not confronted and conquered, they can not only slow growth but may put your business at risk.

In an interview with a successful business strategist, we learn the importance of relentless follow-up. He explains how mapping the strategies helps his company track performance, and reiterates the importance of continuously re-evaluating and fine-tuning strategy as needed to attain success.

And because some customers can actually be detrimental to your business, our Recommended Reading will help you identify your best customers and give you the courage to drop those who contribute the least to your success.

If it is time to take a hard look at your current business strategy and consider whether it needs updating in light of changing conditions in the years ahead, *Albu Consulting* stands ready, as always, to help you. Your calls to 203/321-2147 and e-mails to info@albuconsulting.com are always welcome, as are your comments, questions, and suggestions for future *AlbuOnStrategy* topics.

Sincerely,

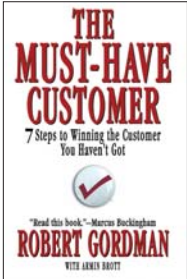
Dick Albu
President





RECOMMENDED READING

The Must-Have Customer: 7 Steps to Winning the Customer You Haven't Got



By Robert Gordman with Armin Brott

Often we think of our customers as precious, and try to retain and serve them at all costs. But at times this attitude can be disastrous. Acquiring or retaining the wrong customer

wastes limited resources, and ultimately can cause a company's slow death. In "The Must-Have Customer," Robert Gordman helps you identify the right customers—the ones who will drive success.

Gordman suggests there are three types of customers: **core customers** are the most loyal, and provide 80% of profits; **opportunistic customers** are price shoppers, contributing very little to the bottom line; and **must-have customers** currently buy from competitors, but could become core customers. To grow your business and become more profitable, you need to strengthen your position with core

customers, attract must-haves, and fire those who are opportunistic. According to Gordman, answer the following to focus on your best customers:

1. Who are your must-have customers?
2. What is your market position?
3. What is your "sweet spot?"
4. Why are your "satisfied" customers buying from the competitors?
5. Do you know what you don't know?
6. Who are your must-have employees?
7. Are you communicating effectively with your must-have customers?

Knowing who your best customers are—those who are driving growth and profitability—is a key success factor for any company. Having the courage to move away from customers who offer no loyalty, are demanding of resources, and buy predominately on price, might just be the best decision you ever made.

“ It is not necessary for a business to grow bigger; but it is necessary that it constantly grow better.

Peter F. Drucker

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milestones, and set a goal (Key Performance Indicator, or "KPI") and then track performance against an agreed target.

How do you track performance, and how do you respond to the results?

Board meetings include the review of our progress against our strategic goals (KPIs) quarterly. Actual versus plan are displayed on a dashboard, tracking our progress over the long term. If we find we are not consistently achieving our goals (KPI), we assess the issue and determine the program and actions necessary to improve performance. If warranted, we invest resources behind the initiative to address the performance issue. This is an ongoing process. As an example, a KPI may be to have X% of sales come from

product innovation. If we are falling behind on that target, we analyze it to determine what is driving current performance. We are always ready to modify our approach in ways that will increase our odds of success.

What is the most important strategic advice you can give our readers?

We have learned that too many objectives can dilute your effort. At Cadbury Schweppes Americas Beverages we continually challenge the number of objectives. It is much better to focus on a few important objectives—the objectives that represent the drivers of competitive advantage. Our ability to achieve these objectives has led to winning in the marketplace and realizing our financial and shareholder goals.

Albuinfo

Are you getting the results you want from your business? Are your managers working together toward a common goal? Are your resources focused on the most important initiatives?

Albu Consulting is a strategy and management consulting firm focused on leading organizations through business renewal. We help leaders improve overall performance, align the organization toward clear goals, and focus resources on initiatives that will drive profitable growth.

Founded in 1994, *Albu Consulting* is known for its ability to help business leaders and their organizations make better decisions with more confidence, create a culture of accountability focused on results, and increase collaboration and communication throughout the organization, which leads to greater success over the long term.

We have a successful track record of exceeding clients' expectations. Here is what one satisfied client had to say:

Kevin Clark, Vice President of Marketing, Connolly Consulting, Inc.

"We are in a highly competitive business-to-business industry where we were perceived as offering a commodity service. Two different sources recommended *Albu Consulting* as the firm to turn to for help. *Albu Consulting's* expertise in the consumer sector proved highly useful in providing insightful strategy we needed to move forward. Since our initial engagement, we have turned to *Albu Consulting* two additional times for strategic advice on critical issues. We would highly recommend them to anyone facing decisions that require thoughtful, practical, and timely strategic advice."

If you would like more information about *Albu Consulting*, or you would like to discuss how we might help you, please contact:

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