Key Parts to a Great Strategic Plan

As I head to Buenos Aires for the EO Argentina University, I am excited to see how it all unfolds. Unlike other university events I have been to, I was on the committee that put this University together. So in a sense, like your own business, you get to see a creation come together that you had a hand in making happen. I look forward to seeing all my friends and experiencing a great conference together.

Recently, I wrote a blog on bad strategy, so I wanted to make some points of what goes into good strategy. If you want to dig into any of these points in more details, there are a lot of good books out there. One that gives a good understanding and overview of each point discussed below is Stephen Lynch's book Business Execution for Results.

Here are what I feel are the key areas that should be part of an overall strategic plan:

- What is your vision for the future? (This could be your BHAG or long term direction on where you want to take the company.)
- What competitive forces will determine how your industry is likely to play-out in the coming years (competitors, new entrants, substitute offerings, suppliers, customers) — and what moves do you need to make to address the trends in these areas?

- What macro forces will impact your business environment (political, economic, social, technology) — and what moves do you need to make to address the trends in these areas?
- What geographic areas do you plan to serve, and how will you access those locations?
- Who is the ideal target market/customer for your brand?
- What is your target customer trying to achieve, and how will you address this need (now and in the future)?
- What core activities will you perform (now and in the future)?
- What non-core activities will you stop doing? How will you strategically position your brand in the marketplace?
- What benefits will you offer?
- What blunt, overt promise will compel your customers to take action?
- What key strategic moves do you need to make within the next 3-5 years to position your firm for future industry success?
- What goals and milestones will measure your success along the way?
- What is the current reality that you must deal with?
- What projects will you implement in the coming quarter to address your current reality and/or move your business in your chosen strategic direction?
- What Key Performance Indicators will track and drive the success of your current business model?

With answers to these questions, a lot of the guess work will be out of the way. Ultimately this will put you on the path to a successful company. Does your strategic plan answer most of these questions?

[Not Scaling — Part 2: Starting Small to Build Big](#)

The big news to share this week on bounceit!™ is that the app went live in the app store, after a long period of creation, and we are starting the process of scaling by not scaling, as was discussed in [last week's blog](#). This week will be focused on getting a small group to use and try it out on all devices to make sure everything is flowing well. Then, we will move to our local and social media friends to give it a try and to share with others, if they like it. And finally, on to the rest of the world.

Well, sort of to the rest of the world. Some people think big launches matter and they want to create a big event with a lot of hoopla, excitement and media attention. After this happens, then everyone will know about it and you are set to go viral. We thought about this approach a while back and decided against it. Interestingly, Paul thinks that this is not the way to go either. He says founders like to think that they have a great building and everyone who hears about it will want it. Even the best of the viral applications don't start this way. He also says it is part laziness, that with the big launch, the hard work of creation is done and you can sit back and watch your amazing creation take off. This will not happen and will require getting users one at a time.

Another thing that usually doesn't work on the way to scalability, is partnerships. Paul's experience is that they don't work for startups in general, in the form of getting the big break. They usually take lots of work and don't lead to the scalability that was hoped for in the beginning. That is where you are trying to be scalable. When you get with organizations or other companies to work on building a core group of users in a certain demographic to experience the feedback, then this approach is doing the non-scalable with a few users at a time. We will be doing this with the University of Tennessee and with Regal Cinemas.

We will move in small, non-scalable aspects first, to build a presence with certain groups that we are targeting.

Paul says that what matters is not the big launch or the big partnership, but the ability to delight your customers is the key to getting bigger. Take a handful of people, make them really happy, watch what they do so you can learn, and they will get friends like them taking you further down the road.

So our plan is to go slowly with our initial roll-out to build a core group of users in our local community and test the app with the different ways new people may think about using it, and also to make sure all the software and hardware running the app will handle the pressure of hundreds of pictures and votes, and then thousands.

Bounceit!™ will have announcements locally next week in the press and we will have an article in Nibletz, which has agreed to use bounceit!™ to get feedback on speaker choices for their two big conferences.

This is an exciting time for founders and also a time not to sit back and wait for things to happen. Entrepreneurism is about getting out and creating the success you want!!

[Dropping the Fear of Being Naked](#)

Last week, we discussed [getting naked with our clients](#) by being humble and real with them as we work together to create value for each other. This usually has roadblocks associated with it, by what Patrick Lencioni calls the three fears. They are the fear of losing the business, the fear of being embarrassed, and the fear of feeling inferior. Let's discuss each one separately.
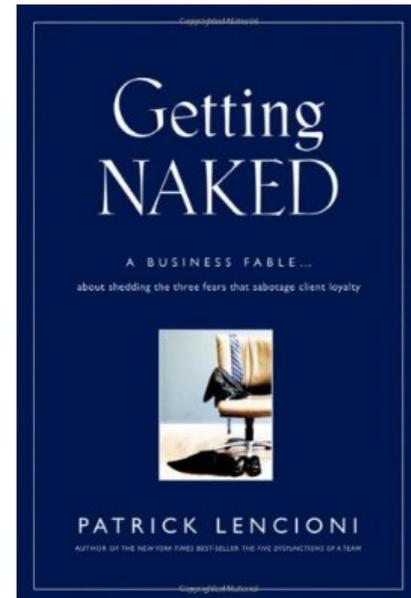
The fear of losing the business happens when fear prevents us from doing the difficult things that will actually keep the business – creating greater loyalty and trust with our clients. What people really want to know is that we are putting the highest priority on helping them over trying to make money. We lose their trust and respect when do something, or fail to do something, just to increase or maintain the business. When we get naked with a client, we are open to the possibility of losing the client, not being paid, or the client taking our ideas and not compensating us. This exposure actually builds trust and opens us to goodwill that we will generate if even in the short term it doesn't look like it.

The fear of being embarrassed happens when we don't want to look stupid or unknowing in front of others that are paying us

to be knowledgeable. This happens even when we are afraid to ask a question because we may look less than if it seems everyone else knows the answer. The truth is, a lot of the time others don't know and we are respected for asking the question. Lencioni says that this is rooted in pride and is about avoiding the appearance of ignorance. The naked service provider asks questions at the expense of getting laughed at, to make sure he or she is helping the client. They admit and even celebrate their lack of knowledge, because a cover-up is only protecting their intellectual ego and not helping the client.

The fear of being inferior is also about the ego, but is different in that it is about protecting the aspects of feeling important and our social standing relative to a client. Lencioni says, "It is completely natural for a service provider to yearn for respect and admiration, and have a disdain for being overlooked, condescended to, or treated as thought we are inferior." We try to preserve this stature that is created in society by being the know-it-all and being above others in some ways. The naked service provider works to substitute this need of stature by putting themselves lower and being of service in whatever a client needs. When we put aside our egos and make the needs of others more important, this is the higher conscious approach, and respect and trust will follow.

Getting rid of the three fears boils down to being selfless and serving others at the expense of your own wants. This sounds like the way to not only make business relationships better, but our relationships overall. It sounds like there are more benefits to being naked then I originally thought. So are you going to undress your pride and ego and strip down for your clients?

[Strategy Evolves, Does your Business?](#)
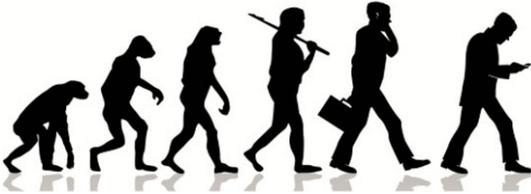
How did your business strategy come about? Was it planned out in advance in the boardroom, or was it done by some type of trial and error? Did you start out knowing exactly what you were going to become? We started with a plan, but it has evolved into one that has taken time and been filled with trial and error.

Efficience came about as a company because we had an opportunity to come together and complete a big ERP system for companies that sell copiers to businesses. My partner, April Cox Abboud, was consulting in this space, came upon this opportunity and we started the company around this project. Our intentions were to build it and sell it, over and over, to other dealers and have a winning formula for success.

For many reasons, this didn't happen and we went on to work on Software as a Service (SaaS) products. We have been working on a handful of ideas to get out there, and we have had limited success with one, and not much at all with the others. As I continued to see and read what was happening in the world, we decided to turn into a mobile app development company and help individuals take their ideas to the market, along with helping companies do the same.

We didn't have a certain vertical to go after in the mobile space when we started, but knew that we wanted to have one. As we have worked to build-out mobile apps for some clients, we

have now come about an opportunity with one particular client in the industrial cleaning arena. That client wants to partner with us to build mobile apps for their network of other companies. This is a great opportunity to push a success story out to these other companies and fill a need that isn't currently being filled.

I have shared with you all for a while that we have been looking for a vertical in the SaaS, and now in the mobile space, to go after. As trial and error would have it, we have stumbled upon this opportunity. Our friend Rasmus Ankersen, whom I talked about in last week's blog, discussed this in his own blog post back in March, which focused around strategy. When Pfizer was testing a drug to treat high blood pressure in the 1980s, they found it not to be that effective, but the men in the trails didn't want to let go of their samples. Why? Because they were having a better sexual experience and soon the drug Viagra was born.

Jim Collins, in his book <u>Great by Choice</u>, discusses how empirical creativity was used by the companies that excelled over their competitors by 10 times. This basically means that when we talk about strategy, what you start with gives you data that you can work with, and create from there using real world feedback. Through trial and error, it comes about and sometimes ends up being nothing close to what you started out to accomplish.

I work hard to be open, adjust strategy and apply some creativity to the real world feedback that comes in as we go. How about you?

A Grassroots Strategy

Many people look at growing a business as a task of how to reach the largest audience and make the most sales as quickly as possible. From my perspective, it takes time to grow a business and get a product or service out into the market. You can start big with lots of capital, or you can grassroots your product to a small group and let it manifest from there.

If you have capital, and can spend it, go for it. Venture capitalists and other investor types tend to introduce a lot of control and other issues if it's something they take an interest in. Grassroots is the way most of us will either make it or break it in the marketplace.

Back in 1995 when I started the mutual fund, I didn't have a huge amount of capital or a vast array of clients with a ton of money. In fact, when we started the fund we required $100,000 of seed money, according to SEC rules at that time. Between my firm and my clients, we didn't have enough to drop into a new fund. What we did have was a history of financial planning and money management clients that trusted us, so 6 of us came together to seed the fund.

With a little bit of time, we added other clients that helped to build our assets via monthly investment programs set up through the University. Usually this came in increments of $50 to $500 per month, and moved over small $5,000 and $10,000 amounts from other accounts as the trust grew. We hit $2M the first year, then $5M the second. This grassroots process lead to a fund that went to almost $700M in assets in 5 years, and took the firm to $1B in assets. Now that was a one-step-at-a-time, true grassroots process.

Now I have focused my efforts on a new one. We are launching a new product that helps companies with the process of gathering requirements for projects. To do this, we have to expose a beta version of this product to companies that could potentially be core clientele, would find the product useful and most of all be interested in what we're doing in order to provide us valuable feedback. If they like it, they will share it.

One way to take a grassroots approach to the next level is to attach it to another product or service that has already gone through it. We have opened up our requirements gathering tool [Sluice](#) for users to integrate with [Basecamp](#), which is a project management software tool. After requirements gathering, project management is the next step, making this a mutually beneficial relationship. Basecamp has successfully grown to having over 5 million users today.

I remember reading [this blog post](#)some time ago from [Seth Godin](#)where he said:

"Find ten people. Ten people who trust you/respect you/need you/listen to you…
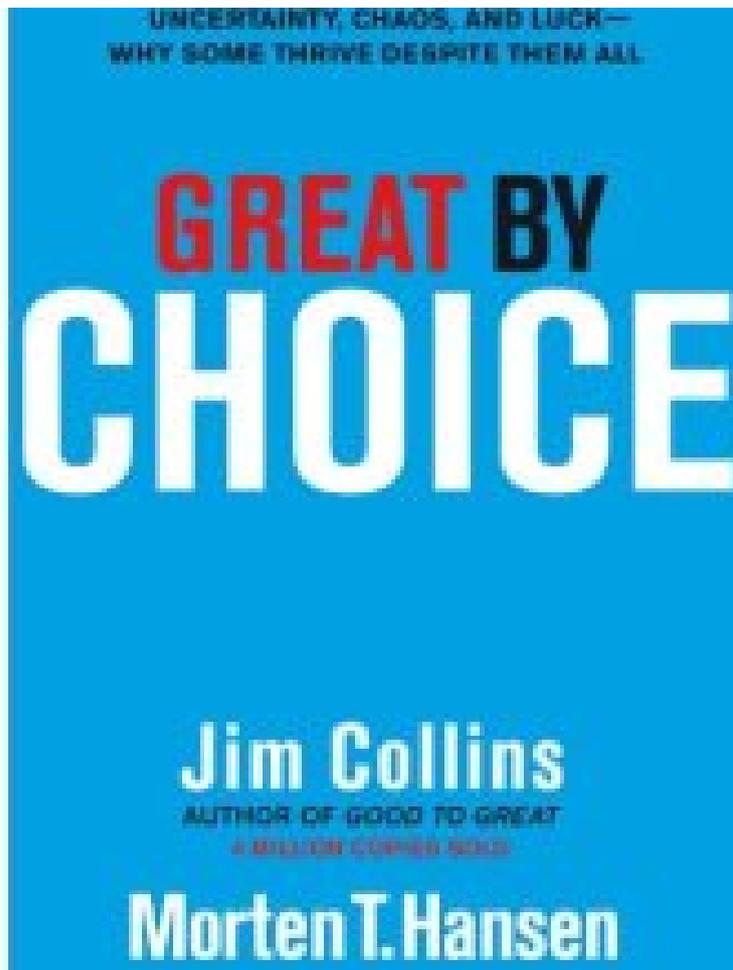
Those ten people need what you have to sell, or want it. And if they love it, you win. If they love it, they'll each find you ten more people (or a hundred or a thousand or, perhaps, just three). Repeat."

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3 Keys to Business Greatness!

If you asked me the business authors out there who I think provide the most value, I would have to say [Jim Collins](#) and [Peter Drucker](#). Both of these guys have provided huge insight to the business community on how to run a successful company. Like most businesses, we at Effience are starting the year formulating strategies and goals to make forward progress toward our destination, and reading Collins' and Drucker's material has always been good preparation.

Peter Drucker is legendary and has since passed on. I credit him for giving me the insight in the early '90s to see how the information revolution would provide the future with value and to develop a mutual fund called [IPS Millennium Fund](#) in '95 to participate in this information revolution.

Jim Collins opened my mind to creating a company that had a big vision with a BHAG (Big Hairy Audacious Goal), a heart with a core purpose, and personality with core values. So, when Collins came out with his new book, I was anxious to see the new awareness that would come from his decade long research.

In [Great by Choice](), Collins and Hansen set up an awareness of how three key areas acted as the common themes in the companies that have dealt with uncertainty, chaos, and luck as well as why some companies thrive despite all this. What they found was very interesting and contradicts common thinking about great companies. They discovered what they call 10Xers (companies that have been beating the marketing and comparison firms by at least 10 times in stock market performance) were **not** more visionary, more bold, more risk taking, more innovative, or more creative than the comparison companies.

They were more of 3 things:

1) More Disciplined

2) More Empirical

3) More Paranoid

This book is very eye opening! When we think of a company that has had great success, we usually assume it has done so with a new break through idea, a new patent, or by taking a big risk that is paying off. However, this was not the case. Of course, to a point, these companies were innovative and creative, but they became really great by finding what works through empirical evidence, testing that out, and then being super disciplined to get it done. They also worried excessively about what was out there that could change the game for them.

I will discuss each in more detail in next week's blog. Happy New Year, and I wish you much success this year being worried about what is coming, gathering evidence that your ideas work, and implementing them with vigorous discipline.
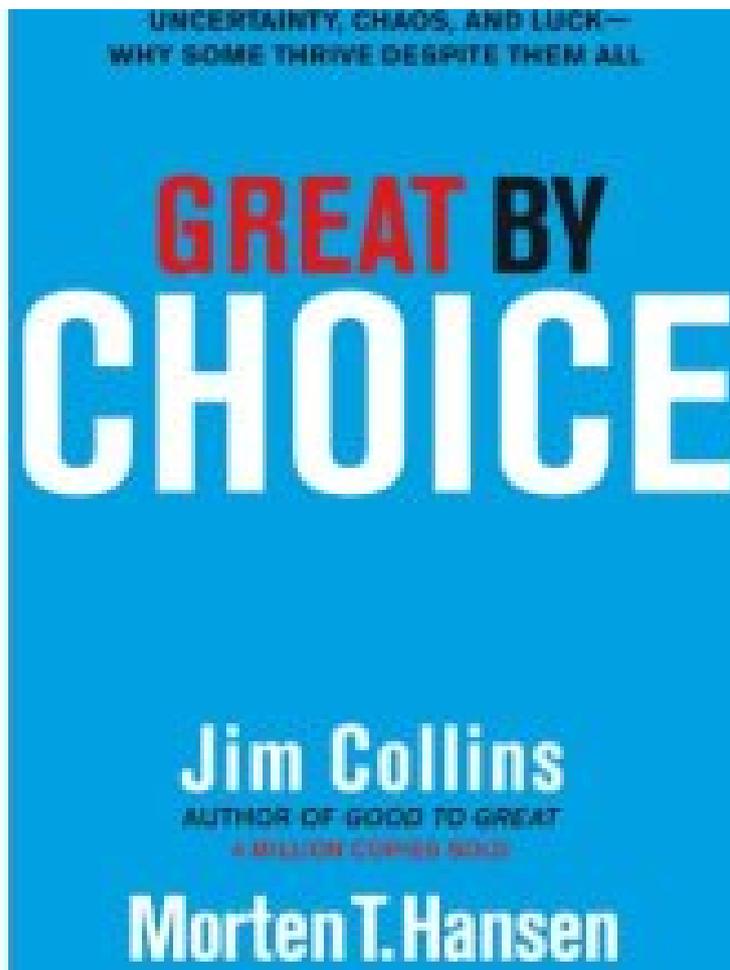

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