



STRATEGY TO EXECUTION: ALIGNED BUSINESS PLANNING

Does your business plan reflect your strategy?

You've done your strategic planning. But how do you translate strategy into execution? An aligned business plan bridges the gap between company strategy and day-to-day operations. It provides a decision-making framework that ensures your company stays on track to accomplish your strategic goals.



In this edition of *Executive Issues & Insights*, we explore key insights drawn from the extensive C-suite and Board

experiences of the NextLevel team on how to develop an aligned business plan for executing your strategy.

NEXLEVEL CASE STUDY

Strategy transforms two prior loss years to profit in one year

A publicly traded manufacturer of naturally derived specialty ingredients used in food, beverages and household products had for years been primarily a commodity-based business. It struggled as commodity market prices and raw materials prices fluctuated wildly.

The senior management team led by the CFO, now a NextLevel Partner, developed a strategic plan to return the company to profitability. The team determined that to increase earnings and cash flow the company should focus on value-added products and eliminate commodity products from their offerings. They then developed a new long-term strategy, a business plan and action plans to transform the business.

The NextLevel partner led the cross-functional coordination of the finance and operations teams to successfully complete this transformation. The plan required that each department reanalyze its standard

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NEXLEVEL INSIGHTS

Communicate consistently and effectively

Translating strategy into execution requires coordinating the activities of the entire organization. Communication is paramount to making sure everyone is aligned with the goals as laid out in your strategy. If you solicited input from employees, managers and the Board during planning, you should already have buy-in. But you need to continually reinforce at all levels what the plan is and the reasons for developing and implementing it.

Ensure your resources align with your plan

Assess your company's physical, geographical, financial and human resources in light of your strategic plan. Then develop a detailed action plan to address any shortfalls in your ability to execute it. Understand that your budget should reflect your strategic plan and not the other way around. If they don't align, scale back your initiatives or build in fundraising.

Integrate initiatives into day-to-day operations

Integrating your strategic objectives into day-to-day operations is easier when you organize them along functional lines. Break down the execution of the strategy into coordinated, specific goals for each functional area of the company, with a *(more)*



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operating procedures and implement new processes.

The NextLevel partner also led a restructuring of the sales organization from being geographically based to being technically skilled. The sales force grew more knowledgeable about the company's products and greatly improved their closing rate. The company also developed a new detailed costing system by SKU. This helped eliminate low-profit and money-losing products. Monthly company newsletters explained the progress of this strategic redirection and the progress on redefining the business model as it developed.

The company reduced its workforce by 44 percent in one year, consolidating the food ingredients production from two facilities into one and discontinuing one of the previous major product lines. In the first year after the transformation was complete, while sales decreased by \$89 million, EBITDA (earnings before interest, taxes, depreciation and amortization) excluding restructuring charges improved from a loss of \$60.1 million to a profit of \$7.8 million.

“TARGETS SHOULD NOT BE SO EASY TO REACH THAT THEY’RE NOT MOTIVATING BUT NOT SO UNATTAINABLE THAT THEY’RE DEMORALIZING.”

When establishing deliverables and timelines, help those who will be held accountable to set challenging but attainable targets.

More Information

To learn more about how NextLevel can help you develop an aligned business plan, call us at (800) 833-NEXT or email info@nlbev.com.

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written plan that describes how each goal supports the implementation of the strategy. This will translate the strategy into a decision-making process that people can use to allocate their time, giving you a much higher probability of success.

Establish clear accountability

Initiatives should be clearly defined as to who owns them. Then have the people who are responsible break them down into projects and develop milestones and timelines. Document who is going to do what when, and define the deliverables. Allowing the responsible parties to brainstorm the most efficient and effective paths to achieve specific initiatives gives them ownership. This increases buy-in and alignment with your goals.

Identify meaningful, relevant KPIs

There's a saying—“That which gets measured gets done.” It's worth taking your time when choosing Key Performance Indicators. Meaningful KPIs measure numerical results against the strategy's operational and financial model and are relatively easy to monitor. Incorporating those measurements into reporting and management of key processes will constantly pull you back to your most significant initiatives. Using easily understood charts and graphics to communicate KPI information to the entire organization helps keep everyone aligned.

KEYS TO DEVELOPING AN ALIGNED BUSINESS PLAN

- **Your communication:** Are you continually reinforcing the goals of the strategic plan and the reasons for them?
- **Your resources:** Do you have an action plan to address any shortfalls?
- **Your initiatives:** Have you organized them along functional lines for easier integration?
- **Your accountability:** Is it clear who owns each initiative and what the timelines and deliverables are?
- **Your KPIs:** Have you taken the time to identify key indicators that will keep you aligned with your objectives?