

# Strategic Initiatives



**Discover.**

**Analyze.**

**Strategize.**

**Implement.**

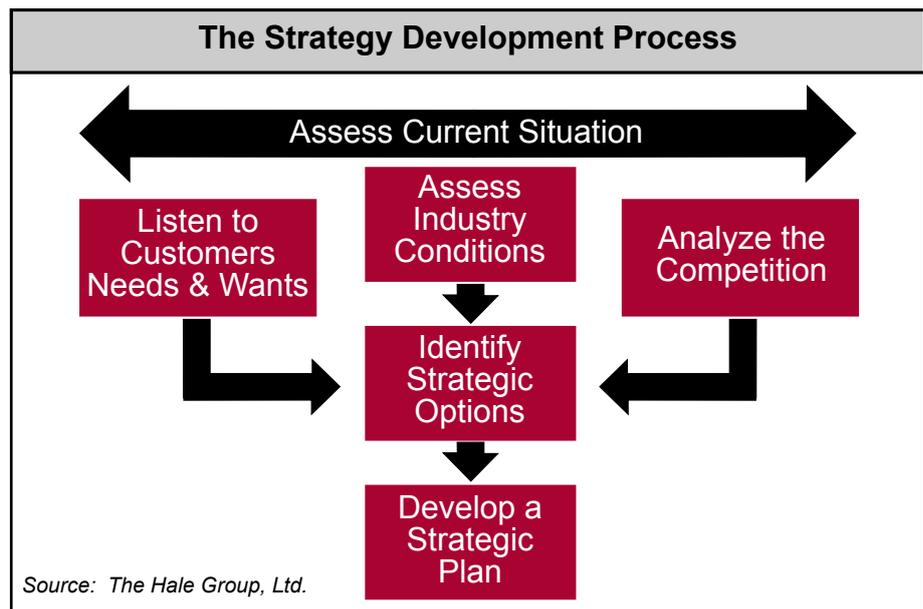
**Measure.**

## Does Your Cooperative Have a Strategic Mind-Set?

Over the years, The Hale Group has had the opportunity to review many plans and planning efforts. Our experience suggests that for many businesses, this effort is viewed as little more than a glorified budgeting process.

The harsh reality is that business is becoming increasingly unpredictable – two competitors merge, a critical customer has a shift in management, public policy changes, a competitor introduces new technology, or consumers define a new paradigm. In these situations, organizations that have a strategic mind-set can become successful and move ahead in leaps and bounds, rather than through small growth steps. The most successful decisions are often made – and, conversely, some organizations falter – when the unpredictable occurs.

The value of strategic planning lies in the preparation that it gives the company to take advantage of opportunities. →





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What are the key questions? The following discussion provides a six step planning process and identifies some, but not all, of the most critical questions within each step.

### 1 Assess Your Current Situation

To begin planning, take a candid and realistic look at your current business situation. Acknowledge your business successes, and do not flinch in admitting your vulnerabilities. Answer the following questions.

- What business are we really in?
- Do we share a common understanding of our business environment?
- Why are we successful in the marketplace?
- When we stumble in the marketplace, what are the most frequent reasons?
- Which of our current assumptions about the future should be challenged?

### 2 Listen to Your Customers

Some co-op CEOs spend a lot of time trying to figure out what their competitors are doing, but rarely have serious discussions with their customers about longer-term issues. My strong advice is, “Listen to your customers even more than you worry about your competitors.”

- How do your customers compare your products or services to those of your competitors?
- What new products or services do those key customers want in the future?
- How recently have you had a discussion with key customers about longer-term issues, not just today’s or tomorrow’s sales order?
- How are their business needs and opportunities likely to evolve over the next three to five years?
- How can you work together with your key customers to create a winning combination for their business and for yours?

### 3 Assess Industry Conditions

Recently, The Hale Group worked for a co-op where several Board members said, “Yes, our co-op is hurting, but we’re just in a depressed part of the business cycle. It will come back; it always has in the past.” I argued that their industry was experiencing a permanent structural change. I believe their business is not likely to ever return to what they consider “normal.”

Your strategy must reflect the realities of your particular industry.

- What are the most significant factors driving change in the following key areas: consumer demand, technology, government regulation, and competitive cost pressures?
- How badly could these changes hurt your business and / or how can you capitalize on them?
- Do we agree on which industry trends are most significant?

When to Utilize an Outside Resource
<ul style="list-style-type: none"><li>■ Staff is new to the planning process</li><li>■ Company needs an outside perspective</li><li>■ Operational demands on staff prevent long-term thinking</li><li>■ Candid feedback is required from customers</li><li>■ Member frustrations are high</li></ul>

*Source: The Hale Group, Ltd.*

### 4 Analyze the Competitors

Despite what was said earlier, you do have to “worry about your competitors.” What should you ask about competitors?

- In what areas do your competitors excel and, conversely, what do you do better than them?
- If you were a competitor with your current knowledge of your co-op, what vulnerability of the co-op would you exploit? →

- How can you make your co-op “stand-out” against the pack of competitors?

## 5 Identify Strategic Options

The heart of planning involves stepping outside your conventional thinking and envisioning what the future might look like. Here are several questions to guide your thinking.

- Looking five years out, how is your industry likely to evolve?
- How will the products and services you provide, change over the next five years?
- How could you leverage your strengths in a new or different marketplace?
- What are the alternative paths available to your cooperative?

Think “outside the box.” Most of us overestimate what we can accomplish in one year, but underestimate what we can accomplish in ten years.

## 6 Develop a Strategic Plan

Planning is all about deciding the best way to employ your limited resources to accomplish the greatest return for your member-owners.

- What are the major benefits of each alternative option?
- What are the major costs of each alternative option in terms of:
  - Capital costs?
  - Operating costs?
  - Personnel requirements?
  - New and different skills?
- What are the major risks inherent in, and risk-reward trade-off for each option?
- Which strategic alternative is the most attractive?
- Have the action steps been clearly defined and responsibilities assigned?

## About The Hale Group

*The Hale Group is a consulting and advisory partner assisting companies develop fact-based strategies to contend with an evolving landscape. The underlying philosophy of the firm’s efforts on behalf of its clients, and in collaboration with them, is to formulate strategies that enable clients to break through the market clutter and identify platforms for growth.*

*The Hale Group has developed proven processes and tools to help organizations gain perspective on the opportunities and challenges within an industry. The level of The Hale Group’s participation can take many forms from addressing the overall process or an individual part of the process. However, in whatever capacity we participate, the desired outcome is for our clients to be successful.*

*Our products and services include:*

- Strategy
- Organizational Effectiveness
- Market Research
- Operating Efficiencies
- Opportunity Analysis
- Mergers & Acquisitions

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