

STRATEGIC PLANNING FOR NURSERIES - IS IT FOR US?

{ by Joe Weston }

The pace of change is accelerating in today's business markets and a major challenge for managers is to maintain focus and guide their companies through the changes. The wholesale nursery industry has been dramatically impacted in recent years by changes in production systems, market channels, customer expectations, regulation, etc. Often, these changes have been met with defensive responses instead of with a sound planning process that can help create opportunities with change.

An interesting historic parallel of the failure to manage change is the "Fall of the Roman Empire." Historians attribute the fall to the inability of the Romans to plan for changes that were occurring around them. They were content with their methods of warfare and tactics that brought them early success. Over time, however, mobile nomads and others began to emphasize quick strikes with mounted warriors and archers.

The Romans had a dominant "market share" but did not adapt to the major changes that would eventually undo them. Is your firm in a similar situation - with challenges from competitors, customers, employees and other influences (both internal and external)? Are you reacting to these changes defensively, or are you anticipating and controlling your options with timely strategic planning?

WHAT IS A STRATEGIC PLAN?

The Gallup Poll recently asked U.S. executives to choose the management issue on which they consistently spent the most time. Strategic Planning was the top choice, cited by 39 percent of the executives. The strategic plan is your roadmap for initiating and managing the continuous change that is inevitable for your company, and is a process for turning future challenges into great opportunities. Building this roadmap allows you to manage change, instead of letting change manage you.

The strategic plan is also a process for defining and implementing the company's evolving goals and objectives as measurable action steps, aimed at improving performance for all constituents (owners, managers, employees, customers). The planning evolution that follows shows the progressive stages of business planning. Where does your nursery fit on this scale? Jumping from Hands-On Management to Strategic Planning is difficult, so set your sights just above your current planning stage and begin working your way toward strategic planning.

HOW DO I PICK A PLANNING TEAM?

Most companies typically rely on owners or general managers to drive and manage change in the company, but a successful strategic plan should include the full management team and possibly a trusted outside advisor. Otherwise, the plan may be viewed as another

"top-down" directive, which may cause it to fail, from lack of support, at the implementation stage.

The most effective strategic planning teams solicit input from key employees at various levels in the company. The teams are chosen by top management because of their knowledge of the company and their ability to think creatively about ways to improve its performance. Planning team members must be able to think beyond their immediate frames of reference, in order to develop consensus on the future direction of the company.

HOW DO WE BEGIN?

The usual planning sequence begins with a S.W.O.T. analysis (*strengths, weaknesses, opportunities and threats*), which includes the following self-examination steps:

- Where are we? (Situational analysis to identify strengths and weaknesses)
- Where do we want to go? (Future visioning that identifies opportunities)
- How will we get there? (Measurable goals, objectives, strategies and action steps)

The SWOT worksheet below is a place for you to begin listing internal and external influences that affect the success of your nursery.

SWOT ANALYSIS

Strengths

- 1.
- 2.
- 3.

Weaknesses

- 1.
- 2.
- 3.

Opportunities

- 1.
- 2.
- 3.

Threats

- 1.
- 2.
- 3.

The question "where are we?" is often the most difficult obstacle to effective strategic planning in the wholesale nursery industry, because there is scant industry performance data against which growers can compare their operations. Some private groups of container growers have performed benchmarking studies in recent years

to develop a database yardstick for performance comparisons. This type of data is invaluable for strategic planning purposes.

In the absence of industry benchmarking data, growers can benchmark their operations internally by developing key performance indicators and tracking the changes from year to year. These trends will indicate progress or deterioration, and reveal the areas in greatest need of attention.

IMPLEMENTING THE STRATEGIC PLAN

Once the plan's goals, measurable objectives, strategies and action steps have been defined, the accomplishment of these plan elements should be delegated to the appropriate managers. Equally important is gaining the acceptance of the objectives by the managers and departments charged with achieving them. This is an important reason for including key managers in the development of the strategic plan. Holding managers and employees accountable for results through regular review of the plan, and supporting their efforts with sufficient resources, are crucial for the success of a strategic plan.

Scorecards and timetables for completion of tasks should be developed so progress toward achievement of the objectives can be measured. Be sure to celebrate the successful achievement of goals, and examine why progress on others may be lagging behind schedule. Be persistent through the implementation process, particularly if this is your first effort in strategic planning. Day-to-day operations will sometimes take precedent but work toward accomplishment of the key objectives must not stop. As you go through this disciplined process, the planning process will help you and your management team becomes more disciplined about achieving the agreed-upon goals. If some objectives have a multi-year timeline, progress may come in cycles instead of in a straight line pattern. Helping the management team remain goal-focused is an important role for top management. Without this high-level support and encouragement, strategic plans are likely to fail at the implementation stage. And, after all the work invested in the development of your strategic plan, failure should not be an option!

FIVE KEYS TO SUCCESSFUL STRATEGIC PLANNING

Once you have committed to managing your nursery with a strategic plan, consider the following five important considerations for successful strategic planning:

1. Make strategic planning part of your company's culture, not simply an annual event. Strategic plans must have built-in flexibility to accommodate changing circumstances. Quarterly updates will reinforce the importance of the plan and will help keep managers accountable for achieving their assigned objectives.
2. Involve the entire organization in the planning process. The easiest plan to develop is the one where the owner takes a few minutes

at the end of a snowy day in December to sketch out his ideas for the coming year. That's a real time-saver but it could be disastrous for your nursery. Employee involvement leverages the entire knowledge base of the company and also gives employees a sense of ownership in the strategic plan since they helped develop it.

3. Identify the external threats to your company. One of the most challenging parts of the strategic planning process is to address the external threats to your nursery, and figuring out ways to turn them into opportunities. These threats include major changes in garden center retailing, consumer trends, new government regulation, labor availability, technology changes and, of course, competitors. Too often, the tendency is to focus on competitors' weaknesses instead of objectively assessing their strengths. Consider that the supermarket industry essentially dismissed convenience stores as serious competitors 50 years ago. Today, supermarkets are extending their hours of business and some have even built full-service c-stores on their parking lots, as they try to recapture market share taken by c-stores. Well-conceived plans and programs to increase sales and reduce costs will mean little if external forces overwhelm the nursery.

4. Build accountability into the plan. Individual accountability is important in bringing the plan to life because it can stimulate superior performance by employees through achievement of measurable goals. Accountability for performance may also help identify employees who are not committed to making your nursery more successful.

5. Use outside resources. Using only internal resources for strategic planning is tempting because it costs less, but the process may become stale and accountability may wane over time. To energize the process, you may want to consider the use of professional resources to lead your strategic planning. An objective outside facilitator can bring new perspectives and experience that can be extremely valuable, particularly in family-owned businesses or those where departmental politics is an issue.

So, is strategic planning a good idea for nurseries? It most certainly is a good idea for nurseries of all sizes, and may be the difference between survival and success. The most successful growers work from strategic plans that are flexible and focused on specific key indicators of success. Strategic plans can include provisions for succession planning, which is a looming issue for many growers. If you are managing your nursery with a continuous strategic plan, be sure to update the plan frequently. If you are in the other group of growers, begin your strategic planning process today - your survival may depend on it!

ABOUT THE AUTHOR

Joe Weston is a management consultant with Gerke & Associates of Columbia, MO. The firm works extensively in strategy planning, profit improvement benchmarking and technology planning for companies of all sizes in numerous industries. After 25 years of wholesale nursery management experience, Joe believes strategic planning is essential for growers in today's competitive markets. For more information, contact Joe at: (800) 568-2290, jweston@gerke.com or www.gerle.com.