

Copyright © Richard J. Dadamo, December 2003

PUBLISHED BY
RTC GROUP, SAN JUAN CAPISTRANO

FOR RJD ASSOCIATES INC.
42 NANTUCKET LANE
ALISO VIEJO, CA 92656
USA

Planning:

As Exciting As It Gets

Or

Plans were born to be changed

By Dick Dadamo

All rights reserved. No part of the contents of this book may be reproduced or transmitted in any form or by any means without the prior written consent of the publisher, except for the inclusion of brief quotations in a review.

Printed in the United States of America

First Printing, February 2004

ISBN: 0-9741305-1

Information provided in this publication is derived from various sources, standards, and analysis. Any errors or omissions shall not imply any liability for direct or indirect consequences arising from the use of this information. The publisher, authors, and reviewers make no warranty for the correctness or for the use of this information, and they assume no liability for direct or indirect damages of any kind arising from technical interpretation or technical explanations in this book, for typographical or printing errors, or for any subsequent changes.

The publisher and author reserve the right to make changes in this publication without notice and without incurring any liability.

Acknowledgements

I want to thank all the Presidents, department heads, entrepreneurs, investors, bankers, friends who have asked me to review their plans. I also want to thank all the small company presidents I mentored who had no plan and gave me the challenge to change their mind-set to develop a plan.

I have seen some small companies grow to a success without great plans, but I do know the odds for success are increased significantly if a solid plan does exist. Keep in mind that success is relative and without a plan one would never know what might have been accomplished.

There were some great plans I made investments in both time and money, and even some of those went “South.” And some of the best plans were left on a bar tablecloth after a night of drinking. One of the biggest problems in planning growth of a company is getting there

too soon or too late. **The success of many plans depends on the timing.**

But perhaps the dot.com era proved it's hard to do a great plan on a cocktail napkin.

I grew up in a wine making family, but to this day I can not tell one vineyard from another, but I do believe I can tell a good wine from a bad one.

I do believe all this experience from observations from defining and constructing plans allows me to recognize a bad plan more quickly, which in itself is quite an accomplishment.

Table Of Contents

Don't go looking for it!

There just isn't any as I would have to list almost every

page in the book

Preface

This is book five in my series, "Busting \$10 Million."

It is directed to those growing company executives who usually hit a wall when trying to bust through a \$10 million revenue level.

The objective of all my books is to eliminate the mystique of the various disciplines of finance, marketing, engineering and manufacturing to enable the leader and his staff to recognize the need to make significant changes in the existing culture to attain a successful growth to go beyond this major barrier.

Culture covers a broad spectrum of characteristics including personnel, procedures, infrastructure and values.

But the core of the most elusive change in the culture is planning. Sure, many small company presidents have plans in their heads, but it is not until they commit these plans to paper and priorities that the growth can be activated to Bust \$10 Million. One of the often used

excuses for lacking formal planning that I hear is, “I can’t predict next week, let alone 3 years out.” The answer isn’t how to forecast the future but what do you want the future to be. Once that is clear, then it’s necessary to define what has to be done right now and the follow on to make it happen. That is what planning is all about and not the image of “boring.” Every couple years at one of my monthly roundtable meetings I would survey the room. The question I would ask is, “When I say planning, what comes to mind?” The answer by at least half the group was, “Boring.” My hope is that with this guide, I can change that attitude and make planning a major part of the culture. My secondary goal is to open the reader’s mind to consider the importance of planning. I state there is no one correct way and I do not profess to be an expert with all the answers.

I do profess to be an observer. So listen to my observations, which are based on years of experience, and accept that there is more than one way to do things. Listen to how I have done things wrong as well as ways I have

done them right, and you can avoid the mistakes. Then if I have challenged your mind-set and encouraged you to consider opening your mind and recognizing there are alternatives, I have accomplished my task.

There are Plans and there are PLANS!

I believe that everyone on a daily basis has a plan – not necessarily written but to inherently set the priorities for their daily occurrences. Companies can have a multitude of plans some even with different names.

For instance there are:

Budgets

Bank Plans

Internal Plans

Forecasts

Objectives

Cash Flow Plans

Department Plans

Production Plans

Operations Plan

For Example: even an *Operations Plan* for the year can have variations depending on what it is used for. The same plan used for internal compensation goals can be

modified when presented to the Board of Directors, or the Bank or the Shareholders. The *Internal* plan can be the toughest as it defines the actions in detail to meet its objectives. The *Bank Plan* is the most conservative because it 's dangerous not to perform to what you tell your banker for fear they will call your loan.

Where Does It All Start!

A plan can only be developed if there is a purpose. For instance a sales strategy or a production run. For a company it starts at the top and there needs to be a vision and a mission. My first encounter through the years with many new clients was the same. "I have no mission or goals," was the usual statement. Since these were people operating companies, though small and with some degree of success, they had to be operating with more than magic, and they must have inherently had a goal.

It only took one lunch or dinner, pulsing them, for me to develop a list of objectives so long they were amazed at themselves. And from this list we could define in writing their goals, objectives, vision and mission. To me the vision is the dream, and could be, as examples; "to be the best," "the richest," or "the leader."

The mission follows the vision and has enough meat in it so that it can be used as the basis for a plan. Here is an example of how the vision and mission tie together.

Vision

To be the best most profitable manufacturer of bathroom fixtures, and be known around the world as the "King of the Crapper."

This is like a dream, but the question is how do we make it happen?

Now let's see building on this to a mission.

To provide Premium Innovative Bathroom Fixtures, utilizing a new technology for flushing, to the leading construction companies in the International Market.

This gives us the substance for building the foundation for building a business plan.

We now have the:

- Product – Bathroom Fixture
- Market – International
- Customers – Construction Companies
- Differentiation from Competition - Innovative
flushing mechanism
- Type Company – Manufacturer and or
a Distributor

There are enough objectives in the Mission

Statement to start to plan the details to make the

items in the Mission Statement work.

Let's Knock Down The Myths

The biggest drag on changing a culture to document plans are myths, that if believed, provide the rationale for never starting a formal plan. And unfortunately, it is tough enough even without MYTHS to do your first meaningful plan.

Myth

I can't figure Out Where I Will Be Next Week, Let Alone Forecasting Five Years From Now.

I have heard this so often, it is a cliché. I must admit talking about multi-year plans does frighten people. The key is to understanding, **Where do you want to be and not how many years are needed to plan to get there.** Once it's clear of your objective, then start defining **what has to be started today** to reach that objective. ***Here I am, here is where I want to be, and here is what needs to be accomplished to get there.***

Who knows whether it takes a month, a year or several years? Multi-year plans are even losing favor in big companies because of technology and global markets moving so fast its difficult to go out more than 18 months.

Myth

Formalized Planning Restricts

Flexibility

Wrong!

Flexibility is often mistaken for hip shooting, a decision made in a quick fashion, with little thought given to it. Actually the more planning a company does, the better they are positioned for being flexible. Planning creates an awareness of what a company is capable of – hence makes being flexibility in decision making more easily understood and implemented

Myth

We Will Get to \$40 Million Because

It's There.

THIS must be the worst reason for counting on meeting a goal, but I have heard it over and over in my career. That was fine for climbing Mount Everest, but did you ever see the extensive and detailed planning that goes into climbing a mountain like Mount Everest?

This quote has shot down many business plans with sophisticated investors for lack of intelligence in the plan.

Myth

**Business Is Short Term Therefore
Planning Ahead is a
Philosophical Exercise!**

This is the basis for stagnation! Two case histories.

“Small Company Stagnate” – Owner Sally

Stagnate’s philosophy is to only buy material after a sales order from a customer is received. Deliveries to customer then are based on the availability of material and collection time of money to pay for it. The only planning is the manufacturing cycle. This is super conservative and almost risk free. This philosophy can be okay if the company is a way of life for the owner and she takes out enough money to support her family.

“Small Company Grow” – Owner George Grow

wants to grow and become more of a competitive force in the market. He recognizes that competitive delivery times are shorter than lead times to receive

material and collect from customers. Because of this he knows his inventory and accounts receivable will need to grow. Now to be competitive he has the risk of buying inventory on the come and risking obsolescence, and extending credit on a broader basis risking bad debt.

Therefore planning becomes essential.

Myth

Only The Big Need To Do Planning

Wrong!

Many big Companies have back up and reserves to cover when they make mistakes; therefore they can tolerate weak plans.

Small companies can go down the tube with one significant mistake, making planning even more important.

Here's where the first two Laws of Management Physics prevail.

Law #1

The Goesinnas Must Exceed The Goesouttas!

Law #2

Profit Is The Muscle Of Company Cash Is

The Blood!

Cash availability should drive all planning in small companies.

Myth

Let's Set The Goal High Enough To Make Sure If We Miss It, We Will Make The Real Goal.

Tell this to short guys like me, that in my wildest imagination, I never thought I could slam-dunk a basketball, so I never wasted any time or frustration on it.

This myth is one of the great demotivators of all time. Give a Staff or Team unreliable goals and they will give up before they start.

It reminds me of the old story of a machine shop where the automatic saw was set to cut a long 10 foot rod into increments of ½ inch in length. Every time someone passed the saw, they adjusted the saw to have a little safety margin. By the end of the rod the piece grew to 4 inches in length, way beyond the real need.

Myth

**I don't need a formal plan as I have it
in my head**

The greatest chance for success of a plan is to have full participation of those needed to make it happen. It's easier to commit a plan to paper than to have the Staff walking around with a hammer and chisel – to get it out of your head.

Myth

**Don't You Believe I Can Get .1% of a
\$4 Billion Market?**

No, not unless you show me the details on how you plan to do it. Just because a market is big, doesn't get you there. This is also a deterrent in getting investors to invest recognizing the importance of having a plan to penetrate the market effectively let along getting to .1%

And The All Time Myth

Planning is Boring

I have found most successful business people highly competitive. Since many of us for various reasons can't follow their dream (my reason – no skill, can't participate in professional sports.) What better way then to use the business and the market as the playing field? Sports require lots of strategy and planning and professional football teams have detailed game books for each game.

Business in this sense is much tougher because far less is known about the competitors or customers, than an opposing sports team, regarding their style and capabilities.

To me there is no greater satisfaction than planning something and then making it happen. Meeting a plan should get the juices going full bore and many times meeting a plan can be highly rewarded in image and financially.

Myth

Winning Is Exciting – Want Fun?

Learn to Compete Against the Plan

Confucius once said...Setting a goal and meeting it is the definition of success.

Enjoying the success and it is happiness.

“Pause to enjoy the happiness”

Avoid, **“The curse of the workaholics”**,

“Don't pause to enjoy the happiness”

Reality ★★★★★

Assumptions Are the Foundation For The Plan

There is no way to overstate the importance of this. I believe there are times or situations where more energy should be put in the assumptions. The effort in the assumptions forces you to think out the plan much better. Assumptions can include competitive information, pricing expectations, resources needed, yields in manufacturing and product life expectancy.

The better the assumptions, the easier to make changes when unexpected obstacles occur. It is also important to get the participants in the plan to understand and agree to the assumptions.

Reality ★★★★★

“Plans are Born to be Changed”

The plan is only a road map, and whenever an obstacle occurs to change the direction, it's time to change the plan.

Reality

The Plan Is A Living Document!

It needs to be continually reviewed as it should drive
the company and any need for change must be
detected as soon as possible

Reality

**“Concrete is for buildings and roads
and not for casting plans in it.”**

This then eliminates the need for a hammer and
chisel to make changes

Reality ★★★★★

**“Planning Is The Act of Making
Something Happen”**

It is important to have a plan even if it is just possible to know what needs changing when it becomes necessary.

Reality ★★★★★

**The Planning Process Can Be More
Important Than The Plan.**

I have found this to be true most of the time.

In putting the plan together it forces companies to have a mission, and to evaluate the strengths and weaknesses of the company as well as objectives and goals.

Reality

Planning Requires Maturity.

The people who participate in the planning must be mature enough to accept change and be objective.

I was running a company that was in the process of expanding our manufacturing in the orient. At a quarterly dinner, I was asked about our production plans. I explained our Orient strategy and made many of our domestic people unhappy and some depressed, thinking their jobs were in jeopardy.

Ironically we got so big in the Orient that the need for support and logistics created a larger manufacturing organization and new and more opportunities for domestic people than we ever had. I always allowed the employees to ask any questions about futures they wanted, and I would try to answer, but I also informed them that they might not like the answers.

Reality

Planning Requires

The Proper Mind-set

Mind-set being defined as the proper mix of:

Perception

Perspective

Priorities

Before starting any plan make sure the participants have the right perception and perspective to get their support.

I have often heard, “Here we go again, wasting the next four weeks.” This is because those involved didn’t think management was serious about the objective or mission.

Reality

Priorities Make Plans Happen

A key role of the President is to

Set priorities

Review priorities

Reorder priorities as needed

The planning exercise should not end with the plan.

Priorities need to be assigned to make the plan happen.

Accountability needs to be defined for those responsible to make the priorities happen.

Reality ★★★★★

“The Plan Success Depends on Making the Elements Happen.”

The more detailed the plan, the easier it is to implement. A famous football legend, Vince Lombardi, said, **‘Success depends on ‘blocking and tackling’.**” This is a good philosophy for a plan; by getting the participants at all level participating in the organization having tasks and responsibilities assigned to them.

The implementation of a plan is the really hard part and requires participation of all those involved.

Reality

**Planning requires discipline,
analysis, innovation, cooperation and a
clear definition of the assumptions.**

All of this is required in the planning exercise and makes for a better company. The plan should be a living document and like the assumptions, the better it is done, the easier it is to change.

Reality

Planning requires team work

The more people participating in developing the plan will increase the chance for success.

Make those involved in making the plan happen feel ownership of the plan.

Reality

Planning Requires Patience, but recognize that the longer something takes to happen, the less the chance it has of happening

Reality

Look For The Boundaries Conditions To Surround The Limits Of A Plan.

In quickly analyzing the scope of a plan, it helps to evaluate the boundary conditions. For example, in a marketing plan, it could be the lowest price a salesman is allowed to give a customer before destroying the company. It is better shown by two experiences I had with people taking over businesses.

Mike Marketing got his first CEO job from a set of investors he knew. The company was making fiber optic cable for the telecommunications market. The company was in trouble and it was Mike's job to straighten it out. He asked for my help.

We analyzed that with all equipment operating around the clock, seven days a week and with a 100% yield, the company would still be losing money – at the then market prices. To say the least, Mike was depressed. He

eventually set his sites on the high end of the performance market's needs and with higher prices. He made more money making less product to sell. He was able to get the company to a point where it was purchased with a profit for the investors.

Ralph Restaurant took over a struggling Italian restaurant. It was to fulfill a dream he always had to run his own business. It was running negative cash flow and he asked for my help. We decided even with three table turnovers a night (very unlikely) and an average per customer of \$15.00; he would still be losing money. Since I was a frequent customer of several Italian restaurants, I knew they all seemed to start out not charging enough for the food. He raised his prices and made a decent living for years.

If either Mike or Ralph had not done the boundary exercise they would have lumped along forever trying to make a profit

Planning Tips

Planning Is A Discipline & Planning Is A Technique For Optimizing Time And Resources.

Planning is or isn't part of the culture. Starting the task of planning requires discipline and a priority. With priorities, tasks and activities are either urgent or important. Planning falls into the important. Without planning many tasks will continually require urgency, therefore preventing the important planning to reduce the urgent matters. The pressure from urgency make the management reactive, and this prevents getting in front of the company so desired results can be planned to happen.

“Shooting from the hip” or “playing it by ear” is usually inefficient and leads to dead-ends, but even worse it results in a poor use of time and resources. Trying to make a plan happen or making minor corrections can be

far more efficient. The better the planning discipline the more likely the company will manage proactively.

Planning Tips

Accountability is part of the plan

Metrics are needed for building the plan and measuring performance to the plan. To build the foundation (assumptions) it helps to have metrics for various elements of the business.

Here is a list of (typical list) some depending on the type of business.

Process yields

Transactions daily in certain departments

Lines of code

Lead time for vendor purchases

Time to develop and train personnel

Equipment capabilities

Infrastructure

Inventory needed

Development cycles

Manufacturing lead time

Sales Cycles

Planning Tips

Want to Succeed?

Say What You Will Do,

And then

Do What You Say

Planning Tips

Beware the Spread Sheet

Getting plans committed to paper is the ideal, but be careful when it comes to PC spread sheet programs. Two keystrokes can make a flood of data occur that could take hours manually.

But beware – you have got to realize you can't replicate human assets with keystrokes. This is a problem in revenue growth, particularly when the company is growing faster than the people are. It starts with the Number 1 person. It is normal in the early phases of a company that the President is performing several roles, and it might take several additional people as her responsibilities are passed on.

To illustrate how difficult it is to duplicate a super person, I refer to an experience I had in running a printed circuit board company. We promoted the head of engineering as the head of operations (over engineering

and manufacturing). In a process like printed circuit board manufacturing that is customized, all process have to be defined and released to manufacturing to make the boards.

The gentleman in question was basically running engineering all by himself, and he was releasing the equivalent of a million dollars in product each month.

Taking him out of the job required three engineers and a six-month period of pain.

I see many plans done on spread sheets that increased the personnel proportional to the revenue with little thought for the skill and training of the new people planned.

One other note, with financial planning, it's difficult to have spreadsheet programs make the P & L and Balance Sheet compatible. It's well worth it to invest \$40 in a software program that beside the software usually includes an excellent manual to direct how to do the planning.

Planning Tips

Spreadsheets-Help or Disaster

Use spreadsheets as a good tool, but don't get locked into them.

Planning Tips

Good Management Has To Make Decisions With

The information available

The resources available

In the time allowed

Planning Tips

Contingencies Are A Part Of The Planning Vocabulary

All plans should have back up plans. Its unreasonable to expect everything to go as planned. In my early experience with European companies I found I could get results up to the last four hours of the company operation, but no one could tell me the plan for next week. I could get numbers for the sales and new orders up to the hour we were within. Even the finance guy could give me the latest tax liability for the year as of noon that day.

Marketing was non-existent in a company where I became Managing Director in Italy. The three factory heads would decide what they could manufacture in components and then expect them to be sold that year. Well, I really shook them up when I told them Marketing would tell them what to make, when and how many. It didn't help make it any easier for me having my marketing

guy in Italy at half the age of the factory managers, but that was the right way it had to be for scheduling.

We were expecting to sell a ton of automated equipment to Yugoslavia in big numbers. When I asked my staff what was the plan if they balked at any of our terms the answer was, “Gee whiz,stutter...I don’t know.”

I also believe that a Plan B for the yearly operating plan should be developed as well as the original. It would be based on some lower level of revenue forecast, like 20% less, to determine how it affected other parts of the plan and the bottom line. Of course this made managers nervous thinking if they showed what had to be cut in the way of expenses for the contingency plan, they thought they might be forced to do so immediately.

Planning Tips

“Plan B” should be in all Planning Vocabularies.

What if all the assumptions don’t happen, And you fall off the curve, SURVIVAL then comes first.

Call that back up plan, PLAN B

Planning Tips

All Aboard

Define what is realistic and get

everyone on board to make it happen.

Using a little extra for additional rewards

might be considered.

Planning Tips

The Ground Work For Best Laid Plan

...Are Changing

The global market is changing and is affecting small companies as well as big. Innovation and different ways of doing business are needed so don't be closed minded about how it was done in the past.

The following trends started in the '90's and have continued in the new century. They should be thought and factored in when making any future plans.

Customers are looking for smaller runs.

Customers have become King/Queen

Time to market is decreasing.

More customer support is needed.

Global competition is growing, particularly from

China.

Agility is needed.

**Customers are looking for suppliers help in
improving their bottom line
Everything will go to the Internet with all devices
having communication capability and being able
to connect to everything everywhere in the
world.**

Planning Tips

Avoid the Guinness Book of Records

Discount plans that would break records like:

Revenue growth tripling in one year.

Manufacturing gross margins above 80%

Increasing market share 20-30% in one year
expecting competition to stand by and cheer.

If it hasn't been done before don't plan on it entirely.

If it is too good to be true, it probably is.

Planning Tips ★★★★★

Don't delay.

I guarantee you that Taxes and

Death are inevitable

But I guarantee you also Time

will pass.

My Planning Creed

Is -----

Where do you want to be,

How do you get there, and

What should you do NOW to

get there?

And Remember ★★★★★

**Almost all products plans are
bound to take longer than
planned!!**

There's This and There's That!

Basically, there are two types of company business plans.

Strategic Plans – The Objective

Tactical Plans – The Method

The difference is very clear. The *Strategic Plan* really includes the vision, mission and objectives and goals of a company.

Management can make strategic plans in a locked room, but the team is needed to accomplish the tactical plan. Of course, the more involved the team is in setting the strategic goals and plan, the higher the probability is for success for the entire plan.

Keep in mind; plans are not only for revenue and the business, but also for all aspects of the business from gaining sales to planning manpower.

This and That

Planning forces a team to Focus!

Focus! Focus!

Focus-The Path to success!

This and That

The Power of Strategic Plans

Strategic Plans force the company to:

- Focus on the comprehensive nature of the company
- Set a formal direction for the company
- Empower people to make decisions geared to the plan
- Provide a guide and method to measure the progress of the company
- Provides the foundation for building sub-plans for operating the business

Business Plans Require Team Work

Case History of Grow Co.

Company Goals

- Sales to exceed \$10 Million
- Cash flow to be positive
- Profit to exceed 10% pre tax
- Gross margins to increase
- Backlog to exceed one quarter of revenue level at the end of each quarter
- Introduction of new products on a timely basis

Planning Team Goals

Department Manager Goals

Sales – insure bookings (new orders) to forecast

Marketing – define new products

Engineering – insure new product

development on time and to budget

Manufacturing – meet cost objectives and schedule

Human Resources – provide needed people in place

Finance – Provide timely reports, control the budget and cash management to make sure cash is available as needed

These goals can then be broken down into tasks and passed on to the department personnel. If everyone meets his or her piece (block and tackle)

the plan will come together and performance will be met.

Revenue-meet plan

Profit- meet plan

New Product launch-July 1

Gross margins –above 50%

Inventory –4 turns

A/R - 45 days

Capital Equipment – less than \$50,000

ASP - \$2000

Cash Positive – to plan

This and That

Human assets are Becoming more important than ever!

Looking for Help Among the Staff

Pick leaders, not followers

Continual valuation of all the present staff

Staff that stays together cannot grow together

Hire better than supervisors

Avoid under-hiring

Look to replace people over their head

Find situation to keep good people who stop growing

Eliminate competent or in competent people who do not support the company

Leader can't teach all disciplines

There are numerous coaches and consultants waiting to help.

This and That

The Calvary Is Just Over The Hill!

Look to the outside!

Look to outsourcing all functions that can be done
cheaper, faster, better:

But Never, Never

Outsource your core competency

This and That

When it comes to growth,

Yours Isn't the Only Answer

There are alternative ways to grow

Strategic alliances

Acquisitions

Mergers

Vertical growth

Expanded resources

Virtual companies

Detail

P & L Isn't the Only
Plan in a Company

Here is a list of many types of plans that will help a

company

Business

Strategic

Mini

Manpower

Tracking and Reacting

Financing

Cash

Resource

New Company

Equipment

Direction

Career

Planning is all over the place with the line supervisor planning the manpower loading for the day or week, to the Accounts payable clerk figuring out who should get paid, to the President planning what to tell his Board of Directors at the next meeting.

The better the planning, the better the results.

Detail

Step by Step

Steps In Making a Plan – Road Map

Vision

Mission

Goals

Resources

Strengths

Weaknesses

Tasks

Priorities

Responsibilities

Accountability

Natures

Follow up/Track

Adjustment

Detail

The Quick Path

In many cases, time doesn't allow a full-blown business plan so a mini-plan can suffice. This outline can be used to get plans quickly

Task

Purpose

Objective

Assumptions

Road Map

Contingencies

Alternatives

Detail

Don't Forget The Glue-Infrastructure

Growth plans must be cognizant of the infrastructure (glue) that is needed to make the organization work.

Typical items in the infrastructure are:

Functions

Procedures

Methods

Policies

Organization

Services

Specialties

People

Culture

Many times too much emphasis is put on the revenue dollars and product forgetting about the infrastructure. I have seen many plans leave out items,

such as the method and cost of shipping, that ended up slowing down the activity as growth occurred.

As companies grow, someone must be assigned to constantly review the methods, policies and procedures.

It also helps to have someone assigned to thinking about the future to prevent the same problems and weaknesses being discussed over and over again

Detail

Keeping Ahead of the Curve

Given a major growth input basic needs can be quickly estimated by having an ongoing knowledge of the following:

Facilities – square footage

Manpower – indirect

Manpower – direct

Capital needs

Market levels

Cash levels

Product lines

Equipment needs

For example in several manufacturing companies using typical number of days inventories and days of receivable, the need for capital can be estimated quickly for growth, once the revenue number is estimated.

Typical in a manufacturing operation, 25% to 35% extra cash will be needed to support a dollar of revenue growth. A Company doubling from \$4 Million to \$8 Million in a year could need at least \$1 Million to cover working capital needs.

Having a feel for the list above, proforma's or what is called a straw-man can be developed quickly for getting a quick handle on substantial growth in revenue.

**Time Management-It's all about
planning and managing the things
you do in the time allowed**

Planning Begins At Home

Time Management

The Biggest Excuse to Progress

The most often heard excuse I have gotten when management can't get to the planning needed is, "**But I don't have the time.**"

There are only so many hours in the day no matter what language you say it in, so get the most from it.

Almost every non-direct labor person I know can increase their efficiency and productivity by better management of their time.

People working hard and even when highly efficient may be working on the wrong things.

Time Management

The Inevitable!!

Death and Taxes

But I guarantee TIME will pass!!

**So plan it wisely so you wont be
facing the same problems or tasks
months from now.**

Time Management

Where To Start

Analyze It

Organize It

Plan It

Decide on what your priorities should be

Track time for about 2 weeks to see the startling
results and surprises on how badly you use your
time.

Then plan, organize and prioritize time

Time Management

The Most Important Match (Priorities and Actions)

Analyze to see if your use of time matches your priorities

If not, plan to organize your time to accomplish The priorities.

Most likely accepting a half hour urgent call from an irate customer may not be important as working on the problem, if solved, Addressing the important as needed may prevent the urgent in the future. For example that call may have been avoided by taking the time to train a subordinate in how to handle those calls.

Always question, “What is the best use of your time!”

Time Management

Time Killers. Blocking the Path to Better Use of Your Time

Procrastination

Reactive Management

Interruptions

Lack of delegation

Long phone calls

Bad and long meetings

Duplication of responsibility

Poor instructions

Never ending tasks

Too much grunt work

Not able to say “no”

Committee Decision mentality

Easy distractions

Small talk too long

Doing it wrong the first time

NO PLAN

LOOK FOR THEM! Avoid them!!

Time Management

Tips for Getting Started

Determine goals

Establish priorities

Practice discipline

Utilize peers and associates to maximize plan time

Close the door to the outside at times to finish an important task

Time Management

Priority Tips

Start with the most difficult task first or you may never get to it

Avoid working on the non-essential things you enjoy doing – first

Distinguish between what is important and what is urgent

Try to spend significant time on what's important, to prevent or reduce the urgent

Improve personal efficiency by planning your week, day and month.

Time management

E-mail a Necessary Evil

Reduces meetings

Everyone gets the same word

Documents questions and answers

Timeliness – extends work week to 7/24

Make communicating more efficient

Made everyone a clerk

The shrinking of time and full time availability has

increased the intensity of the job

Need to control it, not it control you for efficient use

of time.

Use Email only as a tool

Time Management

Meetings Don't Have to Be Time

Wasters

Start with an Agenda

Make the meetings Timely

Have the correct representatives

One person to control the meeting

Prevent side meetings

Minimize small talk

Establish action items

Establish priorities

Publish minutes

Copy participants and the bosses-who

really set the priorities for their people

Risk Taking – In Any Plan

Dictionary definition

Taking risks is facing some kind of peril, jeopardy, hazard or exposure to chance of injury or loss.

With any plan or commitment comes risk.

The trick is to understand the risk when working the plan and watching flags, for trouble, to quickly react to minimize or eliminate the impact.

Risk Taking

In the correct environment expect your staff to tell you how to accomplish a task and make it happen, and not give all the reasons for not doing it. **It is then the leaders' responsibility to decide if the time, cost and risk are worth it.**

Risk Taking

Why take risks?

The rewards of risks can outweigh the ultimate rewards of taking it so analyze the risk/reward factors correctly.

Risk Taking

The Clichés-that apply

Nothing ventured nothing gained

Not taking risks is taking a risk

Not failing at anything means not doing anything.

Staying the same can lose the game

Risk Taking

Want to avoid risk taking

**Call enough people and you can find one
to give you an out – if you really don't want to
do it**

Risk Taking

Myth-Risk Taking Is Gambling –

**WRONG- not if you are aware of going in
and plan for controlling the task**

Risk Taking

MYTH

**Sharing Risk Reduces Danger – Two
Wrongs Won't Make It A Right.**

Risk Taking

Risk Taking Caution

Watch out for these –

Too much too fast

Adding new and different activities

Ignoring the environment

Keeping the same ground rules

New product in a new market

Lo, the Big Dominating Customer

Valuation alone won't do it.

Breaking *Guinness* records in your plans

Risk Taking

Entering a new Market and Orders of Magnitude

Finding a Need.....Look for a 1

Developing a match..... Look for a 10

Penetrating the New Market.....Look for a 100

Risk Taking

Changing Direction and the orders of magnitude of difficulty

Present Products to an Present Market

PPPM Give it a 1

New Products to an Present Market

NPPM Give it a 10

Present Products to a New Market

PPNM Give it a 100

New Products to a New market

NPNM Give is a 1000

Danger: Do not enter NPNM unless you draw people from marketing and technology in that new market.

Risk Taking

For all Risk Decisions

Accept the uncertainty

Know the potential gain

Know the potential loss

**Determine the significance of all before
proceeding forward**

Risk Taking

Reduce the risk

**Minimize the impact of playing hunches –
find out if facts support your information**

Be prepared to back down

Describe your hunch to people you trust

Test market the hunch

But filter the “black paint” input

Don’t let too much emotion prevent

**you from giving up when the time has
passed to do so.**

Risk Taking

Plan checking Analysis –Look for

Boundary conditions

Discontinuities

Comparisons

Rate of change

Ill-defined assumptions

Record breakers

Margin eaters

Responsibility

Competitive environment

Culture change needed

Risk Taking

Recognize a bad situation

Then you are faced with solving real problems.

The Laws of Management Physics, Law #6 says, “Many times nothing is better than something”.

Risk Taking ★★★★★

**Risk goes up as planning
goes down!!**

Risk Taking

Risk Taking Axiom

If it can hurt, but can't help-run from it

If it can't hurt, but might help ... try it

**If it can hurt, but might help ... leave it
alone**

**If it can't hurt, but will help ... go for
it**

Conclusion

With the changing business environment and increasing global competition, old tried and true methods of planning and risk taking may not do it.

Planning today requires Innovation and break-a-ways from the limited skills of the team.

Conclusion (Continued)

The President is pulling a wooden wagon with wobbly wheels up a long steep hill. The wagon is loaded with sand and pebbles are spilling out in all directions through the slatted sides. There is no road and the path is pocketed with holes and rocks that cause the wagon to buck and roll from side to side, forcing the president to follow a zigzag route up the hill. For every move upward on the scarred terrain, there is half a move backward. The struggle is almost unbearable, but the obsession of his vision drives him on. His vision is to build a concrete monument with the company name on it at the top of the hill for everyone to see.

If the staff would share his vision the task could be made easier. Sally Sales would run ahead and put up a sign to let everyone know the wagon was coming, Andy Accounting would separate the load and put a cover on top to keep it from blowing away, Max Manufacturing would

repair all the leaks and strengthen the latch on the back gate, and Ed Engineering would find a way to put a motor on the front to ease the pull. It might still take days to reach the goal at the top, but at least the President wouldn't kill himself and he could be spending his time planning on how to best utilize the monument after it was completed.

But in today's highly competitive market a shared vision is only half the battle. Someone may beat them to it. How great it would be if they could also rethink how they do things, and with open-minded discussion come up with a better idea. This is where Mary Marketing starts to shine with her thinking and planning mentality.

She is quick to grasp the need for getting there first and also optimizing the resources. Her thinking goes way beyond the so-called box. Her response to the situation above is, "Let's hire a helicopter and lift the load and all of us to the top of the hill and accomplish the task in less than an hour".

Keep in mind whenever you discover a bad situation and the need to make a change, without a plan, it is already too late. If you have come this far, I hope you have a greater appreciation for planning. Seek out the barriers and develop a plan to go around them, or better yet knock them down.

Other books by Dick Dadamo

The Laws of Management Physics - A Handbook for

Hands-On Managers

Will the real inventory stand up and be counted

Finance: It's not just for bean counters any more.

Marketeer or Pied Piper, Salesman or Con Artist.