

Start in a Different Place, End in a Different Place

by Josh Patrick

Strategies, tactics and tools are important, but you must start with mission, vision, values and goals to get true value from your planning.



Introduction

When we think about planning, we start looking at the tactics, strategies and tools that will help us achieve our goals. Although, these tools are important, I believe you first must start with mission, vision, values and goals before you know which strategy will get you to where you want to go.

John wanted to pursue a tax advantage strategy that would have his employees take over the company. On examination, we found that there was no one at the company that could run the enterprise after he left. So, we decided that selling the company was ultimately the best for the owner and the employees as the company would have a better long-term chance for survival if the company was sold to a new owner.

In the example above, if we had just gone with the owner's wish of having his managers own the company, we could have had a disaster on our hands, both for the owner and his employees. However, spending time on the decision making model I'll explain below helped him not only dodge a huge bullet, but also gave him and his employees better long-term security by understanding the problem we were trying to solve before actually solving the problem.

Clarity, Competence and Trust are the keys to successful planning

Our goal when working with a Client is to help them gain clarity, competence and trust in themselves, their plans and their advisors. Using a model that forces discipline helps us and our Clients make better decisions because we start in a different place.

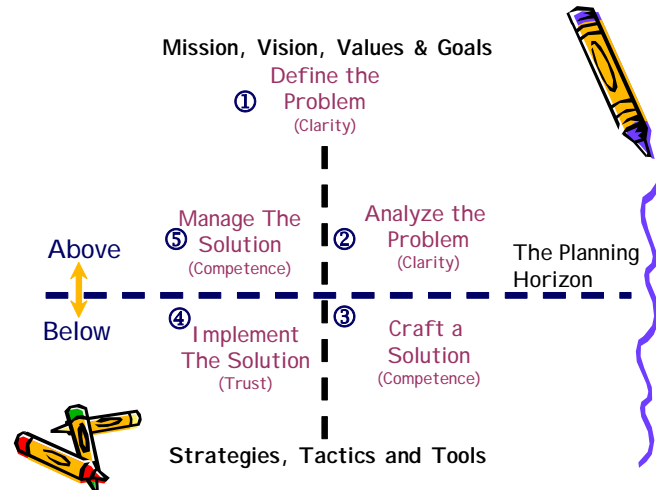
We have found that it's crucial to first define a problem, then analyze the problem before we ever try to craft a solution. In our example above, we had done a good job of defining the problem. However, if we had done nothing about analyzing the problem, then we could have had a disaster happen that would have given our Client long-term headaches.

One you have analyzed a problem and then spent an appropriate amount of time analyzing the issues with that particular problem, you are then in a position to craft a solution that is elegant, efficient and effective in helping you achieve your goal.

Helen had a wonderful business. She provided planning services for some of the largest companies in her town. However, she also had a new child and wanted to cut down on the amount of time she worked while maintaining the same amount of income. We helped her recognize where her profits were coming from, reduce her work week and increase her annual profits and income.

Helen had an issue, she needed more time off. By clearly stating her need, we then had the opportunity to help her gain clarity about her options by looking at where her business and profits came from. We then put together programs realigning responsibilities for her staff that allowed her to just concentrate on her core competencies. This freed up a tremendous amount of time for her to concentrate on other priorities she had in her life.

The planning model



Our planning model above is the one we used with Helen and John. I know that both above the line and below the line planning are crucial for a successful outcome. However, I also see many professionals starting with step three where we craft a solution first. When this happens, often you will see a plan where the professional puts together a solution for what they would like to see happen if they were in the business owners position. Sometimes, this works, but more often than not, the plans will not help solve the problems of the business owner.

I find that starting with step one where we spend time defining problems and opportunities for all strategic areas of the business, and the person, help us focus in on the areas that can have the greatest impact for our Clients.

James had a food service business that was just breaking even. He had a son, George in business with him and the son was not able to make a good living through the company. Having a problem stated in these terms forced us to look at what could specifically be done in the company if George could stay in the business and keep the business in the family.

We started our engagement looking at the general problem of James' son not making enough money to stay employed at the company and the company being able to afford having him around. This forced us to look past the business into questions about family and family values. As a result, the owners of the business could now make decisions about what needed to be done to achieve their long-term goal of having enough money for both father and son to stay in the business.

Before moving to strategies, we had to first define and analyze the problem. Some of the issues we defined were:

- The company was not profitable enough to feed both father and son.
- The core business was not likely to be profitable enough.
- There were auxiliary businesses that could over time make a difference.
- It would take several years for the auxiliary businesses to make a real difference in cash flow of the company.
- Both father and son would have to sacrifice for a period of time to make the plan work.
- Check points needed to be set along the way to check on the progress of the program.

Using our problem solving model, we first defined the problem. We then analyzed the problem looking at the auxiliary businesses to see if they could really throw off enough cash to bring the standard of living for

both family members to a reasonable level. We then put together specific action plans for how to develop the other businesses. George and James then had to commit the capital, time and resources to actually put the plan in place. The family and their advisors will have to monitor the plan to make sure it actually is having the intended outcome.

Because we started by defining and analyzing the problem, we were able to have a solution put in place that had an outcome that was very different from our first conversation. We started talking about selling the business, but found that was not the option the family really wanted to pursue. Instead, the family spent the time defining the real problem which sent us down a very different road.

In many instances, the family would have sold the business which could have worked out OK, but would not have addressed the challenge and opportunity of keeping the business in the family. I believe that because we started in a different place, we ended in a different place. One that provided greater economic and psychic value for both father and son and their respective families.

Conclusion

Combining clarity, competence and trust with our planning model will allow you to develop plans that have true value. Working above the planning horizon will help you gain clarity about what you want to accomplish. Once you gain this clarity, then the solutions will often be obvious. If they aren't obvious, then you may want to bring in outside expertise who can help you craft solutions that will bring high value to you and your family.

For you to implement a solution for your problem or opportunity, you will need to make sure you trust your solution is the right one and that the people working with you have done their work properly. Finally, without a management facility, you will not know whether your plans are providing the value you expect from them. This management can be either internally or externally generated. However, without competence, the management will often be sloppy and give you information that is either not important or not accurate. Both can be a huge problem.

I have seen plans and changes come together very quickly using this model because our clarity about what we are trying to accomplish is at a very high level. I recommend you use this model for looking at and solving any problem or opportunities you are facing in your personal and business life.

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