

“STRATEGIC PLANNING MEETING”

W O R K B O O K

**CompuForm
&
CompuCenter**

**East Islip, NY
August 26, 1996**

TABLE OF CONTENTS

SECTION	PAGE
Meet Alice.	2
Meeting Agenda.....	3
Meeting Expectations.	4
Event Analysis.....	5
Company Strengths.....	6
Company Weaknesses.....	7
Company Vulnerabilities.....	9
Company Opportunities.....	10
Sustainable Competitive Advantage (S.C.A.)	
A Note on Your S.C.A.....	11
S.C.A. Analysis.....	12
Mission Statement:	
Arriving at a Good Mission Statement.....	15
Sample Mission Statements.....	16
Suggested Mission Statements.....	18
Major Corporate Goals.....	19
Project/Program Objectives.....	23
Action Plans.....	24

ALICE'S CONVERSATION
WITH THE CHESHIRE CAT

“Would you tell me, please, which way I ought to walk from here,” asked Alice?

“That depends a good deal on where you want to get to,” said the cat.

“I don't much care where,” said Alice.

“Then it doesn't matter which way you walk,” said the cat.

“...So long as I get somewhere,” Alice added as an explanation.

“Oh, you're sure to do that,” said the cat, “if you only walk long enough!”

MEETING AGENDA

1. **Opening Remarks** [10 minutes]
2. **Meeting Expectations** [20 minutes]
3. **President's Vision** [15 minutes]
4. **Event Analysis (Brainstorming Exercise)** [1 hour]
5. **Consolidation of Strengths** into those that are marketplace strategic (generally one or two) versus perceived strengths that are internal to your company and operational in scope [30 minutes]
6. **Consolidation of perceived Weaknesses, Vulnerabilities and Opportunities (Strategic vs. Operational)**[30 minutes]
7. **Management consensus on a Sustainable Competitive Advantage** [30 minutes]
8. **Management consensus on a Corporate Mission that embodies Major Competitive Advantages** [45 minutes]
9. **Identification of possible Major Corporate Goals for the forthcoming year** [30 minutes]
10. **Consensus on Major Corporate Goals** [30 minutes]
11. **Discussion of impediments to plan implementation** (financial, competitive, technological, human resource availability, etc.) [30 minutes]
12. **Commitment to overcome impediments** [15 minutes]
13. **Action Plans for Major Corporate Goals** [1.5 hours]
14. **Identification of secondary, non-strategic objectives** [30 minutes]
15. **Management Consensus on a planning review calendar** [15 minutes]

NOTE

These expectations were identified by each planning group member in his/her pre-planning preparation

MEETING EXPECTATIONS

A.Q. "To define 1) the goals of Compuform and its affiliates, 2) the vision I have as CEO and 3) the responsibilities of the individual management team members.

In addition, to empower the management team to make decisions that directly effect their departmental bottom line performance.

Finally, to establish an action plan that enables us to set goal, and monitor our progress towards achieving such goals."

M.M. "To attain a viable direction for the departments of the company that is based on logical, progressive steps."

M.E. "To leave with a distinct focus and game plan to achieve our goals.
-Increase production at lower costs.
-Increase clientele and reach new groups/target new clientele."

P.M. "I would hope to understand the direction our company is going to be moving in. Just a more clearly defined goal(s) and how Anthony wants to achieve these goals. I would hope everyone who participates will walk away with a better understanding of what it will take to make Compuform a success."

R.C. "To collectively share ideas [in order] to create a direction to follow to achieve a common goal as to where we as a company would like to end up (short-term as well as long-term)."

D-Q. All people working together towards common goal.

EVENT ANALYSIS

“EVENT”	“C” FACTOR	TREND	IMPACT
1. Speed to market	“C”	Becoming the competitive issue	Is having a strong negative impact on our costs (increasing dramatically) but there are positive volume effects as we get faster
2. Pricing	“C”	Falling in general	Hurting margins; impacting bottom line
3. Energy costs	N/S	Level	Little impact

NOTE :

- 1) An EVENT may be any occurrence or circumstance--internal or external which you believe can have significant impact on the Strategic Plan.
- 2) If the EVENT is believed to be CRITICAL in potential impact, highlight it with a “C” (C-Factor)
- 3) Brainstorm first, then consolidate your events.

AREAS TO CONSIDER IN GENERATING EVENTS:

Competition
 Customer/market trends
 Government regulations
 Global issues
 Labor/Labor relations
 Organizational structure —
 Environmental issues
 Vendor actions
 Technology —
 Succession
 Internal communications
 Selling methods—
 Training/staffing needs—
 Demographics

Merch / merchising

NOTE

This includes all the strengths identified by the planning group during their pre-meeting preparation. The task at the meeting is to get group consensus on those strengths which will enable the company to meet its strategic goals

KEY COMPANY STRENGTHS

1. People--90 % of our staff are totally dedicated and willing to do what it takes to achieve. Management members are seasoned professionals and believe in what we are doing.
2. Dedicated sales managers that are long time members of company.
3. Use of technology is way above average for the industry (e.g., electronic plates, Web sites, sales presentations).
4. Vertical market in airliner industry (big opportunity for sales people).
5. Unisource-all services under one roof.
6. Dedication of most of the staff people who truly have desire to satisfy customer.
7. In-house design and manufacturing.
8. Our "hunger" as a small company.
9. Ability to service all areas of print management (pre-press, design, production, customer service, sales and warehousing).
10. Aesthetics-company reputation and appearance.
11. A.Q.'s ability to maintain his long standing relationships with our major accounts and to bring in new clients when he is out on the road.
12. Press Area--we now have someone who is very good at running his own jobs but more importantly can teach the other pressmen how to run their jobs more efficiently. In addition it appears they are learning how to take care of the equipment which will save thousands of dollars in the long run.
13. Employees always play an important part in the strength of a company. Ability, knowledge and a willingness to work hard add strength to a company's foundation.

NOTE

See comments in "Strengths" section

KEY COMPANY WEAKNESSES

1. Customer Service--two employees need serious "attitude adjustment" or company is in danger of major loss in time and training. Addition of customer service manager in September should help situation and approve abilities to handle more technical and large commercial print jobs. In addition , it will help company achieve a four hour turn-around time on all estimates/quotes.
2. Poor Sales Growth--lack of planning in the past by the CEO for continued sales growth is directly responsible for this problem. New sales plan in affiliation with Jack Harms will establish consistent sales growth and a strategic market plan. Near acquisitions of sales personnel might have an immediate effect on this weakness.
3. New Management Team--although high on industry experience the group needs time to develop as a team. It has just been assembled and we need to learn about each other and how to achieve goals together.
4. Computer System--It is a blessing and a curse. We haven't stopped changing it four years. It does many great things but you can't rely on it--its not rock solid.
5. Some staff member have an abrasive attitude. They make you feel they are doing you a favor just for being cooperative. Some think they will get paid (long term) no matter what. They need to be more "client sensitive"--more willing to go through a brick wall for that client.
6. High turnover ratios.
7. Staff inexperienced in some areas.
8. Lack of advertising.
9. Lack of teamwork.
10. Low employee morale.
11. Lack of projected budgets in each department to maintain costs and keep costs low.
12. Too dependent on A.Q.--The fact that A.Q. is the only person as of now who is capable of bringing in new accounts and who finds out if we can be doing more with current accounts.

Continued.....

13. Too few employees seem interested in taking that extra step to insure a job is done well. Too many instances of someone leaving the extra step for the next person.
14. Not enough hungry sales people.
15. Instability of computer system.
16. Not enough sales people.
17. Lack of modern printing equipment.

NOTE

See comments in "Strengths" section

KEY COMPANY VULNERABILITIES (THREATS)

1. Loss of a major account--loss of one of three major accounts could lead to layoffs and administrative cutbacks.
2. Technology--changes in technology are eliminating traditional printed products as more and more clients are taking advantage of electronic and variable image printing.
3. Work flow automation is inviting more competitors.
4. The computer system--when it stops productivity for many goes in the dumper.
5. Lack of training--need to be constantly doing.
6. Too much paperwork--some people are bogged down in trivial paperwork. Ways need to be found to streamline our paperwork processes so that the work that must be processed can happen quickly.
7. Inability to hire and keep enough quality employees.
8. Reprints of jobs due to company errors resulting in loss of company reputation and financial loss.
9. Reassignment/release of a key contact at a major client.
10. If one of the clients with who we have an unreasonable amount of credit was unable to pay us for the work and services provided.
11. Rapidly changing technology--if we don't keep up, work will go to other companies.

NOTE

See comments in "Strengths" section

KEY COMPANY OPPORTUNITIES

1. Management-Newly formed management team has potential to be highly effective in achieving goals that have been orchestrated by one person for ten years.
2. Digital printing.
3. "On demand" docutech.
4. Advertising specialties.
5. CompuCenter retail.
6. Single source supplier.
7. Electronic technologies.
8. Work flow.
9. Single source capabilities.
10. Print management represents a good opportunity for a long-term deep product penetration with a client.
11. Training classes for the general public.
12. Bigger and better presses--not duplicators--could enable us to produce more sophisticated work inside.
13. Expanding services in CompuCenter (self-service copiers, etc.).
14. Increasing sales personnel to obtain clients.
15. Profit sharing to ensure quality employees will stay and produce more efficiently.
16. Location--target industrial businesses in local area.
17. Finding businesses that are floundering and acquiring their best people. Finding salesmen with strong established accounts and selling to them the opportunities they would have at Compuform.
18. Digital printing.

A NOTE ON OUR SUSTAINABLE COMPETITIVE ADVANTAGE

Our Sustainable Competitive Advantage describes the core strategy of our business. It sets a fundamental course for us to follow in satisfying our customers needs.

It should serve as a screen against which all major business decisions are made. That is, when we are planning capital expenditure projects, developing operating budgets, hiring key personnel, or making other significant resource allocations, the question should be asked: Does this support our core strategy for the business?

Our Sustainable Competitive Advantage may change from time to time because of actions taken by the competition, by customers, by vendors, or by governmental regulatory bodies. However, a thorough evaluation by the planning group should precipitate any change.

If any employee in our firm can influence our Sustainable Competitive Advantage, then he or she should become familiar with it and know how their job affects it. Employee involvement is essential for our strategic plan to work.

Once we have determined our core strategy as expressed in a Sustainable Competitive Advantage, it is desirable to reflect it in our corporate statement of mission. The mission serves as a constant reminder to us of those strategic values which we wish to preserve and build upon.

SELECTING A SUSTAINABLE COMPETITIVE ADVANTAGE

NOTE:

Listed below are a number of actions a firm can undertake to strengthen its competitive position in the market place. If you believe an action specified is one our firm should definitely take, please place a check mark by the action. Keep in mind -- as you place your check marks -- that our company has LIMITED resources (people, time, money, materials). Everything simply cannot be undertaken at once. **PLEASE NARROW YOUR CHOICES TO THOSE THAT YOU BELIEVE ARE TRULY IMPORTANT TO STRENGTHENING OUR COMPETITIVE POSITION.**

1. 2 Lower labor costs (automation, going off-shore, etc.)
2. Develop new patents, licenses, exclusive agreements.
3. Develop "no frills" products/services (functional but with no bells or whistles).
4. 3 Use advertising/promotions to better position products/services in the customer's mind.
5. 1 Use less expensive methods of sale and/or distribution (e.g., telemarketing, direct mail, central warehousing, more economical freight transfer, etc.).
6. 3 Develop creative pricing approaches (e.g. dating, promotion rebates, volume discounts, extended terms, credit, etc.).
7. 1 Acquire depreciated assets that still have useful lives.
8. 4 Increase customer perceptions of the firm's overall reputation and market image.
9. Move the business geographically closer to the customer.
10. 4 Develop innovative customer service practices.
11. 1 Reduce operating overhead.
12. 2 Add company product/service, extensions, 1 new products compatible with business capability and experience, or 1 diversified products that will meet known customer needs.
13. Design products with less expensive (including substitute) raw material content.

Continued...

14. _____ Create and implement innovative warranty programs.
15. 1 Farm out product/service contracts to lower cost providers than yourself.
16. 1 Add peripheral product/service features that supplement the product's basic function in some way.
17. 3 Obtain more control over sourcing (e.g. vertical integration toward vendors, specific supplier contracts and conditions, etc.) to lower raw material costs.
18. 1 Implement unique national account or key account capabilities.
19. _____ Liquidate non-performing assets (buildings, equipment, inventory, land).
20. 3 Deliver a "quality" emphasis on those dimensions known to be valued by the customer (check THE singular most important item from the following list):
- _____ Improved Functional Performance
 - 2 Improved Reliability
 - 2 Conformance to Customer Specifications
 - _____ Improved Durability
 - _____ Improved Aesthetics (the way it looks)
 - _____ Improved Serviceability
21. _____ Sell and lease back facilities and equipment.
22. 3 Develop the capability to provide shorter lead times and faster turnarounds.
23. _____ Joint ventures with off-shore partners.
24. _____ Improved technology/R & D capability.
25. _____ Restructuring of short-term debt.
26. 4 Strengthen employee involvement, human resource planning, and other programs to stimulate increased employee performance.
27. _____ Install gainsharing programs to reduce variable costs.
28. 2 Better utilization of Management Information Systems.
29. 2 Improved efficiencies, lower scrap, less rework, etc.
30. _____ Improved business value through patents (new and reissued), licenses, cross purchase agreements, etc.

**ANALYSIS OF COMPUFORM'S
SUSTAINABLE COMPETITIVE ADVANTAGE
(S.C.A.)**

<u>LOW COST POSITION</u>	<u>DIFFERENTIATED POSITION</u>	<u>COMBINATION POSITION</u>
	A.Q. M.M. M.E. R.C.	P.M.

REMEMBER:

S.C.A.

OBJECTIVE

LOW COST POSITION

Relative to competition, to become the firm offering its products or services at the lowest delivered cost (which may or may not be at the most competitive price).

DIFFERENTIATED POSITION

Relative to competition, to realize pricing objectives by providing value added products and services that meet customer needs.

COMBINATION POSITION

Relative to competition, to achieve a lowest delivered cost position while also providing value-added products and services that meet customer needs.

ARRIVING AT A GOOD MISSION STATEMENT

Our mission Statement will not look perfect after our first go at it. Many use the word “clumsy” to describe how they feel about it. Most importantly, however, our mission, agreed upon by the planning team, should at a minimum capture the following:

1. Some elements of the Presidents vision
2. Some reference to the basic nature of the business.
3. Some reference to the definition of key customer groups.
4. Some reference to what our planning group believes to be the company’s major competitive strength (advantage).
5. An optional reference to employee expectations and ownership wants.

Items one through five should be expressed in as few words as possible. A good mission statement is stated in less than one page; an excellent mission statement is expressed in 100 words or less.

The purpose of a mission statement is to succinctly record the “here and now” of business focus. It’s a device to enable employees to get “the big picture” very quickly.

Don’t expect the mission statement that originates at our planning session to be the end product. It should be a beginning to a continuing process to refine this important corporate commitment.

An important addition to the Mission Statement is a one or two page definitional treatment of any word or phrase in the Mission requiring further “operationalization” to facilitate employee understanding. This addendum is referred to as “Mission Statement Implications”.

Sample Mission Statements

Dollar Rent A Car

Our Mission is to provide the best personal service and value among car rental companies worldwide while creating an atmosphere for our employees which inspires innovation, loyalty and service to our customers and communities.

Alden Ocean Shells, Inc.

We share a common mission: To produce the finest open water rowing shells human hands can build, to back them with the best possible customer service and to improve the quality of people's lives through recreational rowing.

Center for Creative Leadership

Our mission is to encourage and develop creative leadership and effective management for the good of society overall. We accomplish our mission through research, training, and publication--with emphasis on the widespread, innovative applications of the behavioral sciences to the challenges facing the leaders of today and tomorrow.

Goals

To contribute to the theoretical and practical knowledge relevant to creative leadership.

To improve the practice of leadership and the effectiveness of management across a broad range of organizations and groups, both public and private.

To build a robust professional organization capable of achieving our institutional mandate over the long term--with particular regard for the development of individual staff members.

TEC (The Executive Committee)

To increase the effectiveness and enhance the lives of CEOs

Marriott Windwatch Hotel

Every guest leaves satisfied.

Gestetner Corporation

To enhance the productivity of our customers and thus contribute to their success by providing the best in document processing equipment and related supplies, accessories and services.

We do this by:

- Exceeding our customers' expectations.
- Treating our people with respect.
- Executing our business in a manner that meets the highest quality standards.
- Never compromising our integrity.

American Laubscher Corporation

ALC Mission Statement

American Laubscher Corporation's mission is to provide North American companies and their worldwide affiliates with high precision small to micro-sized components and assemblies from a wide range of technical materials.

ALC Vision Statement

It is ALC's vision to be the Benchmark Supplier of miniature, sub-miniature and micro-sized components and assemblies in North America.

ALC Quality Policy

The goal of ALC is to continuously improve our efforts to meet the needs of our customers and strive to become the Benchmark Supplier of miniature, sub-miniature and micro-sized parts and components and assemblies in North America.

NOTE

These mission statements were developed by each planning participant prior to the meeting as part of their meeting preparation assignment. The task at the meeting is to arrive at one agreed upon statement of Corporate Mission

SUGGESTED MISSION STATEMENTS

- A.Q. "To be the most effective supplier of print management products and services in the New York, Long Island area. While doing this, creating a healthy, fulfilling and profitable outcome to both the ownership and employees of Compuform and its members."
- M.M. "To provide our customer with printed product that is functional, effective and aesthetically pleasing. We will assist our customer to manage their print communication to their best economic advantage and provide solutions to their challenges based on our extensive knowledge."
- M.E. "To increase business and maintain a steady growth. Our company has the ability to offer all areas of print management, therefore allowing us to have a financial advantage over the competition. We should utilize these abilities to provide high quality, fast turn around and high volume work. We should devise a plan to reduce current steps we are taking to complete a job to eliminate cost and time unnecessarily spent."
- P.M. "The overall mission of the company is to make money. To do that, every employee must understand and be in total, agreement with the goals that are set. Our company's purpose is to convince or sell to our clients that we are the best source for fulfilling their needs."
- R.C. "Staying competitive and offering quality printing and service should be two key areas to focus on. We should also be looking at our customers' other needs that we are not handling at this time and offer a total package of service designed specifically on a per customer need. We are headed toward this with our print management format."

To supply print management products and services to help clients achieve maximum performance.

MAJOR CORPORATE GOALS

FOR THE PLAN'S TIME HORIZON

1. John F. Kennedy asserted in the early 1960's that "before the decade is passed, we will send a man to the moon and return him safely to earth." With this statement he created a vision and momentum for NASA and all Americans. It became the goal for the decade. And it was accomplished.
2. Similarly, in the Strategic Plan of an organization, it is important to state one, two, or three MAJOR corporate goals for the plan's initial time horizon (typically two years or less). Our planning group should use the following inputs to determine our MAJOR corporate goals:
 - a) Each participant's input about what he/she believes the major goal emphasis should be.
 - b) The implications of the Sustainable Competitive Advantage, Mission Statement, derived by the planning group.
 - c) Intentions expressed in the President's Vision
3. The Major Corporate Goals should be succinct. Others in the organization who were not directly involved in developing our Strategic Plan should be able to relate to it. They should, in short, stand as a "flag" for our firm in terms of what we are trying to accomplish.
4. And finally, like the Mission Statement, our Major Corporate Goals should be communicated and explained to every employee in the organization.
5. Major Corporate Goals can change, usually on an annual basis, when the entire Strategic Plan is reviewed.
6. Remember, we must limit our major corporate goals to no more than two, three, or four. If we have too many, their significance will be lost.

In your judgment, what should be our company's MAJOR CORPORATE GOAL at this point in time?

To acquire additional sales through new hirings, acquisitions, and implementation of our marketing strategy--while maintaining G&A expenses (no increases).

Boost sales.

Increase training.

Foster a team spirit among employees.

Target new clientele (local businesses , service bureaus, schools, etc.).

Increase sales.

Attaining continuity regarding the everyday running of the business. Because of system problem or communication problems, the basic day-to-day things take up too much of everyone's time.

Always looking to improve upon something is great but let's make sure we are running 100% (or close to it) before we start introducing new ways of doing things.

Keep up with technology.

What are the major impediments our company will face as it implements a strategic plan (e.g., financial, technological, people, etc.)?

The transitions of our customer service staff.
The implementation of departmental budgets.
Maintaining GP margins while growing the company.

Many people are so busy putting out fires they can't take time to seek alternative solutions. The CompuCenter retail business is like a forgotten stepchild. It needs a clerk who's sole responsibility is to maintain and boost our retail walk-in business.

The lack of personnel for sales/design/customer service.
Production and equipment problems that will hold up production.

We must have employees who understand that working at Compuform is not so their bills can be met. Everyone should have pride in making the company successful. Small companies need big people to take that extra step to insure that a job is done well. With the new look our sales force will apparently have, it will be more important that the people who work in the office make things happen expeditiously and correctly.

Growing too rapidly.

In general, should our business look any different in terms of products and services it offers five years from now than it does today? If so, how?

In five years our business will be offering many services that we have just begun to experiment with--electronic printing, document imaging, complete print manager provider, and work flow automation should make up the majority of our sales. Much of our interactions with clients will be done through alternate means of communication such as the Web, EDI and remote client access.

In time to come we will be judged based on how we manage and provide information. We need to keep abreast of rapid changes in our industry (e.g., print on demand, indigo and EDI). Our warehouse should be bar-coded. This could save thousands of dollars in manpower and aggravation. Too many times the counts of products are not reliable and you go through a mini-heart attack until the foul-up is found and it usually points back to the computer system or the way someone entered data based on poor training.

Offer self service copiers in CompuCenter.

Gear the design center into higher end design and advertising ("in-house").

Explore new locations to expand business to separate branches.

Hard to predict except continuing to try to keep up with all the technological changes (such as use of the Internet).

The changing directions toward a higher level of print management.

CORPORATE PROJECT AND PROGRAM OBJECTIVES

Anything that is not strategic should fall in the category of a "Corporate Project and Program Objective."

It gives the management group a chance to "lateral" operational issues that surface during the strategic planning session, and there will be many "non-strategic issues". This is not the fault of the process. It is the reality of our business--we are all engaged and swamped by the demands placed upon us each day to meet operational requirements.

As a planning group we can use these program objectives as a way of taking a purely tactical issue, and relegating it to an objective that insures that it will not be ignored in the minds of those in our group who believe it must be dealt with. Some have referred to this as the "file 13" of strategic planning--meaning, that if the group falls into a non-strategic thinking mentality, then the assignment of a program objective can be used as a technique to get the planning group back on track.

Here are the kind of issues which may qualify for consideration as a project/program objective:

1. What to do with employees who will not be a part of the company's long term future?
2. What to do to satisfy employees who believe that existing work conditions are lacking for them?
3. What to do with a government agency that wants our firm to develop an environmental plan in the event we would ever discharge by-products accidentally in the waste water system.

IN SHORT: Detailing these objectives is an important signal to our employees that our major corporate goals are a reflection of where our competitive advantages really lie. Project and program objectives, as described above, signal a different message altogether--important, but not critical to strategic goal accomplishment.

ACTION PLANS

GOAL	MAJOR STEPS	WHO	WHEN
Develop a plan to penetrate the fabricated vertical gas burner market place	Review current marketing plan and note inconsistencies.	W.A.	March 7
	Determine changes necessary to reflect new strategic direction.	W.A.	April 1
	Develop a detailed action plan to accomplish burner goal.	W.A., B.R., & C.L.	July 1