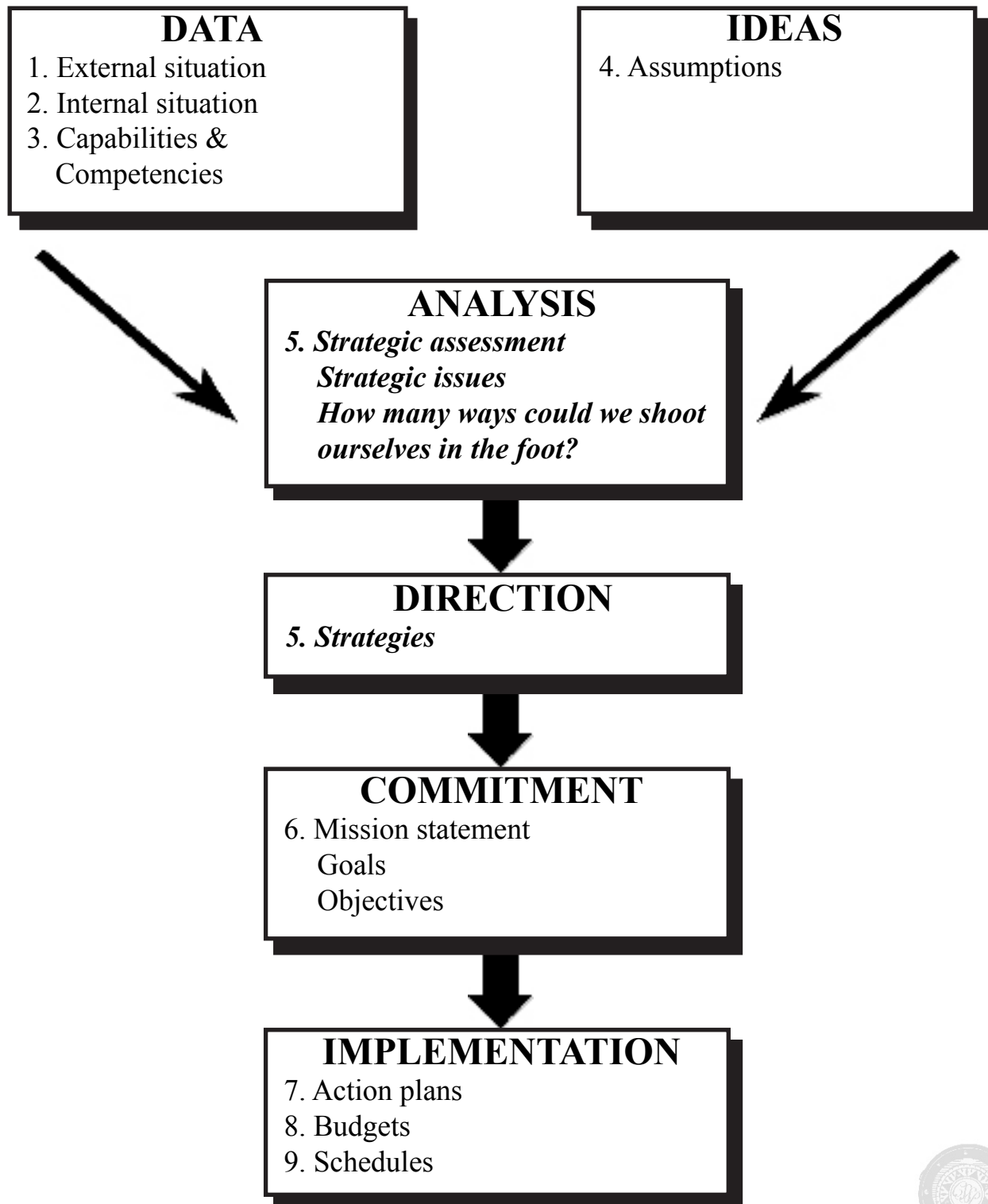


SIMPLIFIED STRATEGIC PLANNING PROCESS FLOW



In STRATEGIES you develop your sense of vision as to the course and direction of the company. To be clear, one should avoid the inappropriate and confusing terminology which appears in many writings on “strategy”. The terms “strategy” and “strategic” should always deal with “course and direction”. Many writings on strategic management apply the term “strategy” to the way in which you intend to achieve your intentions, rather than the vision itself. In this section you will draw upon the analysis completed to this point and make decisions about the future course and direction of the company that will optimize the organization’s potential and improve results.

Strategic Assessment

Page 5.1

STRATEGIC ASSESSMENT is the final analytical step before decision making. The strategic assessment procedure and suggestions concerning appropriate strategy selection will help to guide and stimulate thinking along strategic lines. However, they should not be mechanistically applied. Strategic decisions are highly consequential and do not lend themselves to mechanistic handling. Therefore, use the procedure as an analytical tool – and not as a substitute for good decision-making.

Strategic position depends upon both market attractiveness and competitive position. Savvy business leaders generally seek attractive markets where their particular resources and capabilities give them a competitive advantage so as to achieve a strong competitive position. Both Market Attractiveness and Competitive Position for each Market Segment are summarized on this page and plotted in the matrix at the bottom of the page.

Complete a **STRATEGIC ASSESSMENT** worksheet for each Market Segment which you have previously analyzed by completing a **MARKET SEGMENT ANALYSIS (1.1)**, an **ASSUMPTIONS FOR MARKET SEGMENT (4.1)** and a **COMPETITION ASSUMPTIONS FOR MARKET SEGMENT (4.2)**.

Market Attractiveness Summary:

The groundwork for this summary was captured on page 4.1 for the corresponding market segment. Summarize the relevant information under each heading on this page.

Competitive Position Summary:

The groundwork for this summary was captured on page 4.2 for the corresponding market segment. The column in the table at the bottom of page 4.2 which rates your company’s competitive position should be captured in the summary on this page.

Market Attractiveness/Competitive Position Matrix:

Based on the summaries at the top of the page, you will locate each market segment on this matrix. Market Attractiveness is plotted on the horizontal axis and the Competitive Position is plotted on the vertical axis.

Locating Position in the Matrix

In plotting market attractiveness, start with the most important and predictable component – the **Rate Of Future Real Industry Market Growth**. Note that this should be real growth of the market for what you are selling. While market growth is never constant, and standards are necessarily subjective, over a period of years an annual compound growth rate of 2.5% to 3.5% is generally considered to be moderate on an industry-wide basis. Therefore, most businesses can assume there is a scale across the top of the matrix running from 9% at the extreme left side to -3% at the extreme right, with 3% in the center. In pencil, make a point along this scale corresponding to the Rate of Future Real Industry Market Growth as recorded in the summary at the top of the page.

Second, plot the **Average Future Industry Profit Level**. Note that this should be profit levels for the market in which you are participating. While profit levels are not constant, and standards are necessarily subjective, over a period of years an average Return On Investment Capital of 10% to 12% is considered to be moderate on an industry-wide basis. Therefore, most businesses can assume there is a scale across the top of the matrix for average future industry profit level running from 20% ROIC at the extreme left side to 0% at the extreme right, with 10% ROIC in the center. If you have used some other measure of profitability, construct a scale for it with average profitability centered on the moderate range. In pencil, make a point along this scale corresponding to the Average Future Industry Profit Level for this market segment.

Third, consider the **Major Threats to Market**. The presence of a probable major threat to the market should be cause for serious question as to the acceptability of the market. Review the threats to the market captured on the corresponding page 4.1 and assess if they are severe, moderate or minor to non-existent. Assume a scale running from no threats on the extreme left side to severe threats on the extreme right side. In pencil, make a point along this scale corresponding to the Major Threats to Market for this market segment. Recognize that this is a subjective rating based on the consensus of the team.

Finally, review the **Future Potential for Product/Service Displacement**. The likelihood of product displacement should also be cause for serious question as to the acceptability of the market – unless you have the displacing product rather than the one being displaced. Review the Future Potential for Product/Service Displacement captured on the corresponding page 4.1 and assess if it is likely, moderately likely or unlikely. Assume a scale running from no potential on the extreme left side to very likely on the extreme right side. In pencil, make a point along this scale corresponding to the Potential for Product Displacement for this market segment. Recognize that this is a subjective rating based on the consensus of the team.

You should now have four points on the horizontal axis for Market Attractiveness. Perform a visual average of these points and draw a vertical line through the average rating indicating the overall attractiveness of this market. If some of these four factors deserve more weight than others, apply judgment to favor the more important factors adjusting the average to accommodate unequal weighting. Your plotted position does not have to be in the center of one of the sectors. It may even fall on a line.

In plotting competitive position, follow the same procedure of assuming a scale, this time on the vertical axis. In this case the scale will range from very weak (double minus) at the bottom to very strong (double plus) at the top. Ratings of “OK” fall in the middle of the adequate range. Plot a pencil mark for each factor and average these points into a single point and draw a horizontal line through the average point. Again, your weighting of the factors must be considered.

The intersection of the horizontal and vertical lines gives you an approximate location of a market segment on this matrix. The precision of this methodology is not as high as the intersection of the two lines might indicate. It is usually appropriate to indicate the location with a circle about 1/2 inch in diameter.

For purposes of convenience and description, each sector has been named. The general characteristics of businesses falling within each sector are shown on the yellow **Strategic Assessment** exhibit. You should test your market segments against the listed characteristics. While a perfect fit is unlikely, you should expect some consistency. You should also plot all of your market segments on a single page and compare their relative positions for consistency with the team's intuition. Any inconsistencies should be discussed by the team, exploring the assumptions that determined the location. A consensus view of the location of each market segment should be reached before going further with this analysis.

Appropriate Strategies

Once you have determined the position of each market segment in this matrix, you should give some consideration to how you can influence that position and what might be an appropriate strategy for each of these segments. This is a frequent source of STRATEGIC ISSUES (5.2) which will be taken up on the next worksheet.

When discussing location in this matrix, it is important to note that while markets can become more (or less) attractive, an individual company usually has no control over this. Of course, the selection of markets in which to participate (and their precise definition) can be controlled by a company. The individual company has some control over its competitive position (though not complete control). Understanding this makes it clear that the essence of strategic positioning is the selection of markets which are attractive and where you can have a strong competitive position, and then enhancing your competitive position in those markets selected.

Strategy Definitions

Each of these terms has a very specific use in the context of the strategy process. Casual use of these terms based on their everyday definitions can lead to confusion. It is critical to realize that these terms are referenced to market share, and that they must be understood and used correctly when discussing strategy. The yellow **Core Business Strategies** exhibit defines each of these terms.

The yellow **Indicated Market Strategies for Core Business** exhibit shows the strategies which are usually most appropriate for segments falling within each sector. The Core Business Strategy decision has absolute priority over all other strategic decisions. You must not make any major commitments until you have established core strategies. There are five basic core business strategies (expand, maintain, contract, milk or withdraw) and each is appropriate under different circumstances.

The yellow **Indicated Market Strategies for Expansion Outside Core Business** exhibit shows the approach to expansion outside the core business which is usually most appropriate for companies falling within each sector. Core business expansion is to be preferred if resource limitations force a choice between core business expansion and expansion outside the core business. Any expansion strategy, whether inside or outside the core business, requires rigorous justification.

Indicated Strategies:

The question marks concerning the DARK HORSE core business strategy indicate that generalizations are not possible for this category. The DARK HORSE may take on the characteristics of any other categories, depending (in part) on its plotted position within

the sector. Likewise, the appropriate strategies will vary.

GO-GO and DARK HORSE companies will very likely not have enough resources for both expanding within and outside the core business – therefore “possibly” expand outside core business. WILDCATTER and GAMBLER companies will have limited resources which must be concentrated 100% on the core business – with the following exception.

The GAMBLER must either expand and move out of the GAMBLER category, or he must get out of the core business and get into something else. But as long as he stays in that core business, he must concentrate 100% on it. Note that the GAMBLER status is unacceptable – it requires either moving up or getting out. LOSER status is also unacceptable. Core business expansion of the LOSER is generally not worthwhile. The LOSER should bail out and get into something else immediately.

The PLODDER may or may not be worth keeping and milking. In either case, the PLODDER should get into some other business.

New opportunities falling in the GAMBLER, LOSER or PLODDER categories should be avoided. The rewards are not worth the risks for GAMBLERS and PLODDERS. And LOSERS are just that – losers. Opportunities falling in any of the other categories may be considered on their merits.

Remember, these indicated strategies **should not be mechanistically applied**. Use them as food for thought, not as a short-cut.

Strategic Issues

Page 5.2

To be a *STRATEGIC ISSUE*, a matter must be strategic. It must have an impact on the course and direction of the business, dealing with such questions as “what shall we sell?”, “to whom shall we sell?” and “how shall we beat or (better yet) avoid competition?” To be a *STRATEGIC ISSUE*, a matter must be an issue. That means there is some question about the outcome (i.e., beyond your view, decision not yet made, jury still out, etc.). The purpose of this exercise is to unearth strategic issues and to deal with them. This is, of course, central to the entire process of strategic planning.

The Strategic Issues worksheet is left unstructured on purpose. The issues your company faces will be different from those of other companies and, more importantly, your issues should change from one planning cycle to the next as you move the business forward. At this point in the process you should raise the most important Strategic Issues which must be resolved in order to formulate strategy. Frequent topics include Strategic Focus, Market Segment Expansion (how many?, which ones?), Opportunities and Strategic Competency.

The planning team should look back over all of the analysis and information prepared up to this point and form a list of strategic issues – discussing what is strategic about them and what is at issue. Tactical issues should be avoided. Issues bearing on the same topic should be collected so that they can be dealt with together. Your ability to generate issues will likely exceed the time you have available to deal with them. Therefore, the list should be prioritized and the most important issues discussed first. It is unlikely that you will have time to discuss more than six to eight strategic issues.

If decisions need to be made, make the decision, if possible, or at least determine the criteria for making the decision. If the outcome is beyond your control, analyze the situation, looking for key determinants and ways in which you might either influence or understand those determinants. This is the area where you may need contingency plans

How Many Ways Could We Shoot Ourselves in the Foot?

Page 5.3

The best possible strategic formulation and execution can be in vain if the company shoots itself in the foot. Unfortunately, corporate foot-shooting is not an uncommon event. Foot-shooting is avoidable. It usually comes from failing to take some action or failing to consider some unexpected consequence. It is a result of being too busy. This exercise briefly reviews the things you are not doing or not considering which could be dangerous. Its purpose is to make us aware of how our good intentions might misfire.

Strategies

Page 5.4

On the STRATEGIES worksheet, you develop the **sense of vision as to the course and direction of the company**. Each of the elements of the outline identifies a key element of your vision.

Strategic Focus:

Strategic Focus is a statement that describes the scope of your products and the scope of your markets. Thus it provides focus, and it has to do with the basic strategic questions, “what shall we sell and to whom?”

The concept of Strategic Focus comes from the book, Top Management Strategy, by Tregoe and Zimmerman (see RESOURCES AND REFERENCES). What they call the “Driving Force”, we choose to call “Strategic Focus” because that terminology is more semantically correct.

Your choice of strategic focus is; products/services, capabilities, markets/customers, technology, raw material supply or method of sale/distribution. Each business unit must have a focus which limits the scope of its activities. This means that a business should select one AND ONLY ONE strategic focus. This selection will serve to provide a consistent focus for your Core Business and Opportunities outside the Core Business. There should be a strong supporting relationship between your Strategic Focus and your Strategic Competencies.

Core Business Strategies:

For each market segment you will develop both a market strategy and a competitive strategy. Select one of the five options (expand, maintain, contract, milk or withdraw) as a market strategy. Be sure to keep in mind the specific definitions of each of these terms.

There will be a strong temptation to select expand for many or all segments. As “expand” is a very aggressive posture that generally requires expending more resources than the competition in order to take share from them, it is usually difficult to successfully pursue it in more than a few segments. Maintain (which is a strategy to vigorously defend your current market share so that you should be able to grow your business at the same rate as the market) is typically the default strategy. Once you have selected a market strategy for a core business segment, identify the strategic moves required to

execute that vision and list these in a few bullet points. Selected OPPORTUNITIES (4.4), which support a core business, should be included in the bullet points for the appropriate segment.

Select a Competitive Strategy for each market segment from the four options on the yellow Competitive Strategy exhibit in Chapter 1 (specialty or commodity, mass market or niche). Then identify the strategic moves required to achieve that strategic positioning. The descriptions in each sector of the Competitive Strategy exhibit give guidance as to the typical strategic moves used to achieve a given positioning. If your strategy requires consideration of your posture relative to a particular competitor, then it should be captured here.

Opportunities/Initiatives Outside the Core Business:

Having fully addressed your Core Business, it is now time to turn your attention to Opportunities outside of the Core Business. Before selecting the Opportunities to incorporate into your vision, review the demands of your Core Business strategies and roughly evaluate the level of resources available to pursue non-core strategies. For some businesses, the core businesses may require virtually all of your attention for the foreseeable future.

From the list of strong Opportunities (those rated as “+”) in either the PERCEIVED OPPORTUNITIES (4.4) or OPPORTUNITY SCREENING WORKSHEETS (4.5), select those that you wish to include into the future course and direction of the business. These should be opportunities which are consistent with other strategies and offer the best possibilities for improving the results of the organization.

Strategic Competency:

Strategic Competency addresses the third strategic question, “How will we beat or avoid the competition?” Refer back to the definition of Strategic Competency (Chapter 3) and the CURRENT STRATEGIC COMPETENCIES (3.2). Identify any competencies that your company should have in order to achieve the strategies you have set out. While one would expect current competencies to influence this selection, they should not dictate the outcome. Over time, companies may select new competencies and let others fall away. It is critical that the selected competencies be consistent with and in support of your Strategic Focus.

List your Strategic Competency at this point. If this strategic competency is new or in need of enhancement, identify the component skills, processes or knowledge to be developed under the next heading, Internal Development.

Internal Development:

In this part of the worksheet express your vision as to the development of corporate capabilities that will generally affect the entire business. Items that are specific to a particular market segment should have been listed in the Core Business strategies. Here you should focus on initiatives that have applicability to most or all market segments (e.g., corporate quality programs, broad technology programs, enhancing current competencies, organizational development, financial or ownership strategies, etc.). You should also identify any other competencies that your company should have in order to achieve the strategies you have set out. Be careful to test these items for “strategic”

importance. It is very easy to slip into including a long list of tactical developments.

Growth/Size:

Finally, you should conclude your vision statement with some sense as to the growth rate or ultimate size you intend to achieve with this business. Many answers are appropriate, including “no growth” or even shrinking the business. The response may be stated in any way that is useful for projecting the vision of the enterprise (e.g., in terms of geographic coverage, share of market, sales or profits, reputation, etc.).

When you complete page 5.4, pause and review it with the team. It should accurately summarize the team’s sense of course and direction for the enterprise. If it does not (i.e., something is missing) go back and examine the main points of the outline and determine where to add the missing strategy. You should also review the document to be sure that it is strategic (i.e., describes a vision), not tactical (how to achieve a vision).

Strategic Assessment

MARKET ATTRACTIVENESS

		MARKET ATTRACTIVENESS		
		High	Moderate	Low
C O M P E T I T I V E P O S I T I O N	S t r o n g	Star High growth High investment High depreciation High profit Moderate debt Positive cash flow	Blue Chip Moderate growth Moderate investment Moderate depreciation Good-high profit Low debt Good cash flow	Cash Cow Negative-low growth Low investment Low depreciation Good profit No debt Cash fountain
	A d e q u a t e	Go-Go High growth High investment High depreciation Good profit High debt Requires financing	Dark Horse Moderate growth Moderate investment Moderate depreciation No profit-good profit Low-moderate debt Requires financing	Plodder Negative-low growth Low investment Low depreciation No profit-low profit Low debt Self-financing
	W e a k	Wildcatter High growth High investment High depreciation Low profit High debt Cash hungry	Gambler Moderate growth Moderate investment Moderate depreciation No profit Moderate debt Cash hungry	Loser Negative-low growth Very low investment Very low depreciation Losses Low debt Cash hungry



STRATEGIC ASSESSMENT FOR: Interior Packaging for Hard Candy

MARKET ATTRACTIVENESS SUMMARY (see corresponding page 4.1)

Rate of Future Real Industry Market Growth: 4%
 Average Future Industry Profit Level: 11%
 Major Threats to Market: Moderate
 Future Potential for Product/Service Displacement: None

COMPETITIVE POSITION SUMMARY (see corresponding page 4.2)

Ability to Meet Market Needs & Preferences: ++
 Quality: +
 Service: ++
 Costs (not price): OK
 Reputation: ++
 Financial Strength: OK
 Proprietary Position: OK
 Current Market Share: 24%
 Future Market Share: 30%

MARKET ATTRACTIVENESS

		HIGH	MODERATE	LOW
C O M P E T I T I V E P O S I T I O N	S T R O N G	star	blue chip	cash cow
	A D E Q U A T E	go-go	dark horse	plodder
	W E A K	wildcatter	gambler	loser



STRATEGIC ASSESSMENT FOR: Contract Packaging Service

MARKET ATTRACTIVENESS SUMMARY (see corresponding page 4.1)

Rate of Future Real Industry Market Growth: 20%
Average Future Industry Profit Level: 11.5%
Major Threats to Market: Slight
Future Potential for Product Displacement: None

COMPETITIVE POSITION SUMMARY (see corresponding page 4.2)

Ability to Meet Market Needs & Preferences: +
Quality: +
Service: ++
Costs (not price): OK
Reputation: +
Financial Strength: OK
Proprietary Position: +
Current Market Share: 40%
Future Market Share: 40%

MARKET ATTRACTIVENESS

		HIGH	MODERATE	LOW
C O M P E T I T I V E P O S I T I O N	STRONG	star	blue chip	cash cow
	ADEQUATE	go-go	dark horse	plodder
	WEAK	wildcatter	gambler	loser



CORE BUSINESS STRATEGIES

Expand	Aggressive posture to grow market share Sales growth exceeds market growth
Maintain	Vigorous defense of market share Sales growth matches market growth
Contract	Pruning Strategy Shrink total sales while increasing profitability
Milk	Gently coax resources out of a business segment Minimize investment and maximize cash flow
Withdraw	Exit over brief time



Indicated Market Strategies For Core Businesses

MARKET ATTRACTIVENESS

		MARKET ATTRACTIVENESS		
		High	Moderate	Low
C O M P E T I T I V E P O S I T I O N	S t r o n g	Star Expand core business segment	Blue Chip Expand or maintain core business segment	Cash Cow Milk, maintain or contract core business segment
	A d e q u a t e	Go-Go Expand core business segment	Dark Horse ???? core business segment	Plodder Milk or withdraw from core business segment
	W e a k	Wildcatter Expand core business segment	Gambler Expand or withdraw from core business segment	Loser Withdraw from core business segment



Indicated Market Strategies for Expansion Outside Core Businesses

		MARKET ATTRACTIVENESS		
		High	Moderate	Low
C O M P E T I T I V E P O S I T I O N	S t r o n g	Star Expand outside core businesses	Blue Chip Expand outside core businesses	Cash Cow Expand outside core businesses
	A d e q u a t e	Go-Go Possibly expand outside core businesses	Dark Horse Possibly expand outside core businesses	Plodder Get into some other business
	W e a k	Wildcatter Do not expand outside core businesses	Gambler Do not expand outside core businesses or get into some other business	Loser Get into some other business



STRATEGIC ISSUES

1. What should be our future Strategic Focus?

- Our current focus is one of Products/Services primarily for food packaging/services
- We have opportunities to broaden the use of our capacity and become capabilities focused – could lead to a strictly “commodity” orientation
- Keep a Products/Services focus to best leverage competencies, which also fit non-food packaging

2. What competencies will we require in the future?

- Staying on top of our current overarching Strategic Competency, “food packaging design *and* manufacturing expertise,” should permit us to sustain our competitive advantage
- It will require building plastic packaging expertise

3. How will we build the required expertise in plastics technology to address threat and competency?

- Hire a development manager to lead the process of overcoming current plastics packaging inadequacies
- Identify the specific areas of plastics packaging that fit with our manufacturing and customer profiles
- Identify alliance candidates that could speed up our learning curve in the identified areas

4. Do we have sufficient growth in our core business, or is there a gap with our expectations?

- Market growth plus opportunities for share growth will result in Core Sales short of our target
- Need to commit to opportunities to sustain growth – % Sales in new products/markets >30% in 5 years

5. What is our role in non-food interior packaging?

- This is a much more cost-sensitive business; does not utilize our competencies
- Should identify and investigate areas that value and match our competencies
- Do not enter general non-food commodity business

6. Do we launch the Tek-pak product line?

- Market studies predict we could achieve \$4.5 M sales within 4 years, assuming market grows at 20%
- Expect to generate \$500k in cash flow and 15% net profit before tax
- Raising required capital of \$1.3 million is the only thing holding us back
- Expect to generate 24 new jobs – should be able to get \$1 million in state financing
- Could refinance mortgage on the plant and raise balance
- Agreed: we should pursue these means of financing and commit to project this year

7. How do we ensure we are the winner in the design of packaging for new, branded food products?

- Sell “our fit” at multiple levels of customers’ organization
- Provide early design stage Internet interaction with customer designers
- Promote integrated bundle of design through processing services in customer plant
- Stay abreast of technology and regulations for all major materials (our testing service will help)

8. What are the keys to achieving a more flexible, yet “Lean/6 Sigma”, manufacturing operation?

- Add high-level management position (the Lean champion) – strongly consider a Black Belt designation
- Raise the level of concern for manufacturability in the package design process
- Establish key supplier partnership program plus Internet “EDI” with key customers and suppliers
- Standardize fixturing/tooling to permit quick changeovers and equipment interchangeability
- Cross-train manufacturing personnel
- We believe these steps can reduce order cycle time by 35% and product cost by 4%



Strategic Focus

- Products/services
- Capabilities
- Markets/customers
- Technology
- Raw material supply
- Method of sale/distribution



HOW MANY WAYS COULD WE SHOOT OURSELVES IN THE FOOT?

Good Idea

Buy from new, low-priced supplier

Push for rapid growth

Promote from within

Push to develop attractive new growth opportunities for near term profits

Lean and mean staffing

Rapid introduction of new products

Save money on operations

Consequences

Supplier cannot deliver product on time
Quality of new supplier is below expectations

Grow beyond resource capacity

Go beyond people's level of competence
Lose opportunity to gain new thinking/ideas

Accept downside risks which we should not due to insufficient investigation

Weak or no back-up for managers

Untested product fails or under-performs
New products unsupported with marketing and sales materials

Poor service due to inadequate systems



STRATEGIES

Management's Sense of Vision as to the intended Course and Direction of the Enterprise

A. Strategic Focus

Products/Services: Interior and exterior packaging and related services

B. Core Business Strategies

1. Interior Packaging for Hard Candy

Market Strategy: *Maintain*

- Match Brown advertising campaign
- Launch two new products each year
- Maintain control of high profile Jones account

Competitive Strategy: *Specialty/Niche Market*

- Improve cycle time on quotes
- Implement a "premier account" program

2. Interior Packaging for Soft Candy

Market Strategy: *Expand*

- Launch one market leadership product each year
- Add applications engineers to support sales effort
- Get 100% of business at Harbor Gourmet Candy

Competitive Strategy: *Specialty/Niche Market*

- Monitor National for early indicators of entry into the specialty market
- Avoid commodity business at Acme Sweets
- Value based pricing – test prices upward constantly

3. Interior Packaging for Bakery

Market Strategy: *Maintain*

- Launch one new product each year
- Shore up sales force in Chicago with new sales rep

Competitive Strategy: *Commodity/Mass Market*

- Obtain more competitive materials costs

4. Exterior Packaging for Candy, Bakery & Misc. Dry Packaged Foods

Market Strategy: *Expand*

- Develop new advertising campaign and sales literature
- Solution sell with particular emphasis on introducing Tek-pak and gaining share of plastic market
- Add advertising agencies and marketing firms to our selling process

Competitive Strategy: *Specialty/Niche Market*

- Obtain Bobst diecutter
- Focus on accounts with potential of \$100k+ per year and those needing state-of-the-art, short run packaging
- Improve knowledge of market price tolerance

5. Package Design and Testing Services

Market Strategy: *Expand*

- Sell "our fit" at multiple levels of customers' organization
- Provide early design stage Internet interaction with customer designers



STRATEGIES

Management's sense of vision as to the intended course and direction of the enterprise

Competitive Strategy: Specialty/Niche Market

- Be at forefront of industry technology

6. Contract Packaging Service in Customer Plants

Market Strategy: Maintain

- Convince large processors who currently run their own packaging operation to outsource by bundling our design, package manufacturing and packaging service offerings
- Focus our sales efforts on a 200-mile radius of our plant and on adding new sites of existing customers

Competitive Strategy: Specialty/Niche Market

- Leverage our unique stacking technology

C. Opportunities/Initiatives Outside the Core Business

New Products

- Enter specialty non-food interior packaging niche market, characterized by low front-end cost for both tooling and marketing and customers who value our hygienic capability and other competencies
- Develop Tek-pak

New Markets

- Investigate standalone design and testing service for non-food packaging

D. Strategic Competencies

- Food packaging design *and* manufacturing expertise

E. Internal Development

Enhancements To Strategic Competency

- Send each exterior package designer to graphic arts course
- Implement lower cost flexible manufacturing process
- Acquire plastics packaging expertise

Corporate Capabilities

- Achieve shortest new product development cycle among competitors
- Maintain technical leadership by recruiting the best engineers
- Install new CRM system that will accommodate e-commerce
- Adopt Lean Management/Six Sigma approaches to all departments
- Deepen and formalize technical training of production employees

Organizational Strategies

- Develop and empower 2nd tier of management for bench strength and succession

Financial/Ownership Strategies

- Reduce long-term debt by at least 50%
- Investigate public offering

F. Growth / Size

- Largest supplier in Midwest
- Grow sales and profits at 10-15%/year (double every 5-7 yrs)

