

# Setting Horticulture Business Strategy: The Tools You Need to Make Your Business the Best it Can Be

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The Corporate Five		The Strategic Five
<ul style="list-style-type: none"><li>• Vision: Your picture of the future</li><li>• Mission: Your objective for the company</li><li>• Purpose: Why your company exists</li><li>• Plan: A set of actions to be undertaken within a certain time frame</li><li>• Goal(s): How progress against your vision, mission, purpose, or plan will be measured and evaluated</li></ul>	≠	<ul style="list-style-type: none"><li>• What business or businesses should you be in?</li><li>• How do you add value to your businesses?</li><li>• Who are the target customers for your businesses?</li><li>• What are your value propositions to those target customers?</li><li>• What capabilities are essential to adding value to your businesses and differentiating their value propositions?</li></ul>

**When leaders substitute visions, missions, purposes, plans, or goals for the real work of strategy, they set their firms adrift. Ken Favaro**

## WHAT IS STRATEGY?

**Strategy is the path that takes your company to the ideal future. It is deciding whose business you are going to turn away. Differentiation must be your strategic priority, not growth and size. Strategy is a journey not a destination. Strategy is a set of guidelines that tell you how to go about making decisions. The necessary outcome of strategic planning is not analytical insight, but resolve. Peter Drucker**

## THE PRINCIPLES OF EFFECTIVE STRATEGY

### NUMBER ONE:

1. The Principle of the Objective: What is it you want exactly to accomplish. Be clear about your goals and objectives at every level of the business
2. The Principle of the Offensive: All Strategy must be proactive. Be continually moving forward with new products, services, new ways of doing business

3. Principle of the Mass: Become absolutely excellent in one product or service before expanding into others or markets.
4. Principle of Maneuver: Being creative and innovative in finding better, faster, cheaper ways to make sales, serve customers, achieve higher profitability. Question the status quo. Have a Plan B to fall back on.
5. Principle of Concerted Action: Having everyone working together cooperatively, supporting each other. Team work.
6. Principle of Surprise: Always looking for ways to develop competitive advantage with products, services, marketing, processes that are new and different from competitors
7. The Principle of Exploitation: Seize the high ground in your market and then exploit it to the fullest. Hold on to it. Never relax.

## **NUMBER TWO:**

Four basic reason why you set strategy for your business:

1. To increase your return on equity
2. To reposition your company
3. To maximize your strengths and your opportunities
4. To form a basis for making action decisions now

There are five key questions that you must ask and answer over and over in strategic planning:

1. Where am I now? Assess your current situation.
2. How did you get to where you are today? Reexamine your past
3. Where do you want to be in the future? Create your perfect future. Personally + Company
4. How are you going to get there? Prepare the next steps to take.
5. What do you need? Make a checklist of what you have to do, steps to take to get there

And then become Brilliant on the Basis by continuing to ask and answer the right questions

### **NUMBER THREE**

Key Players in Setting Strategy. Who should develop your strategic business plan?

The Chief Executive...the one who has to make the final decisions

Those who will implement/execute the plan?

You may need outside help. An experienced consultant/facilitator. Especially with a group

Create the right environment. Allocate plenty of time and support to create the plan

### **NUMBER FOUR**

Values, Vision, and Purpose.

In strategic planning you first have to think about and agree on the foundation principles of your business. What are the values that you stand for and believe in?

What are your values? Make it crystal clear- what do you believe: Quality, excellence, Innovation, fundamental beliefs.

What would others say they are? What is your ideal view of the customers towards you? Describe how you want them to feel.

Values create a strong foundation

What is your vision?

What would your employees say they are?

Determine Your Purpose. Why do you do what you do? What purpose does your business serve in the scheme of things? It will flow naturally out of clarity about your values and vision

### **NUMBER FIVE**

Determine your corporate Mission

Define it qualitatively

What is your Your umbrella statement. Everything you do must fit under it.

Make it clear, positive, inspiring and based on your company values. Will it fit on a T-Shirt?

## **NUMBER SIX**

Strategy is the path that takes your company to the ideal future.

What is your Business

Conduct a current analysis of yourself and your business. Look at the numbers

What is your return? Analyze your products and services. What is selling and what isn't. Which is more profitable? Look at returns on sales, on equity, on investment. Are they increasing or decreasing?

Customer is King? What makes them happy?

Your market position? Recognize your strengths and weaknesses. Compare with competition

Where do you want to go/grow?

Consider the possibilities. What could this business be tomorrow?

## **NUMBER SEVEN**

**STRATEGIC AREAS FOR CONSIDERATION.** The areas of your business that you may continue as before or change, depending on your strategic goals.

**Products:** What exactly are your products and services you offer now or want to in the future? Divide them into categories based on market share, growth, potential, profitability: Cash Cows, Dogs, Stars, Unknowns. Move them up or out.

**Customers:** Who is your ideal customer, your perfect one? Their demographics?

**Markets:** What ones are you in or want to be in? How big is it? How do you penetrate it?

**Finances:** How much money do you have and how much will you need in the future? Where and how are you going to get it? What are your resources?

**People:** Who are the key people you will need in terms of skills, abilities, and proven competence. Where and how will you get and keep these people?

**Technology:** What will you require to build and operate your business? Software, devices, social media, communications, websites, GPS tracking?

**Production Capability:** How much can you produce, display, deliver, sell, service in a competent fashion? What do they cost?

**Set Clear SMART Goals:** Specific, Measurable, Attainable, Relatable/Reasonable, and Time Bound.

## **NUMBER EIGHT**

THE DRIVING FORCE. Key to Strategy

Can help you think with greater clarity about the present and future of your business and everything you do. A major concept in strategy. Once adopted, becomes the quantitative principle around which all planning is done, Several to choose from but one will become the most important, while giving attention to all the others.

The Product or Service: Determines the scope of your markets and range of products

Market Needs: Target market. What are its needs and wants

Technology: Products and services built around technology. Example Horticulture software

Production Capability: Nursery and grower organizations. Landscape architect

The Method of Sales: Retail, wholesale, Internet, catalog, manufacture's representative

The Method of Distribution: Face to face, phone, Internet, store, trucking

Natural Resources: Soils, bulk natural and mixed materials

The Size and Growth: Driven by how large a company you seek to be

The Return/ Profit: Minimum percent pretax return on sales

Determine Your Driving Force. What is primary and in what order are the secondary? Selection here is absolutely essential to your business future. Important to consider and use the others as well.

## **NUMBER NINE**

### **FOUR CENTRAL CONCEPTS IN STRATEGIC PLANNING**

Success or failure in any one of these four areas can lead to dramatic changes in business results:

1. Specialization: Know Where to Specialize
  - a. Choose Your Market. Be the best and be known for it
  - b. Be Different from Your Competitors. Go the extra mile. Innovate
2. Differentiation: Competitive Advantage Area of Excellence Unique Added Value
3. Segmentation: Select Your Ideal Customer

4. Concentration: Once you specialize, differentiate, and segment, you can then dedicate 100 percent of your resources to focus and concentrate on the best and most profitable potential customers for your business.

## **NUMBER TEN**

### CONCENTRATE ON WHAT YOU DO WELL

80/20 Rule Revisited: 20% of what you do will account for 80% of best results

Profit from the Core: What are your most profitable products and services? Focus on them

Distinctive Capabilities: Value is created by doing what you can do consistently well

## **NUMBER ELEVEN**

### ADJACENCY MOVES

To grow your company, you may need to expand beyond your core business?

Three Truths for expanding to be successful:

1. They are built on the strongest cores of the companies
2. They have a repeatable characteristic
3. They involve the strong customers

Profit Pools. As you are bringing your customer into adjacency areas it's important that those areas represent a significant profit pool.. great potential for profit.

Before moving ahead ask yourself these questions:

Are you mistaking a large market for a large profit pool?

Is the profit pool controlled by a powerful incumbent?

Are you underestimating the strength of the market leader?

Do you understand the root cause of market power in that profit pool?

Are you underestimating how competition in the profit pool might shift in the future?

### HAVE A DIVESTMENT STRATEGY

A strategy is successful if it focuses your efforts and time on what you do very well. Strategic planning is not only about what you need to start doing based on your strategic choices. It's also about what you need to stop doing. To start something new you may need to stop doing something old.

What do you need to or going to get rid off?

Should you downsize, discontinue, or eliminate it?

The Law of the Excluded Alternative. “doing one thing means not doing things that you would be doing at the same time”.

Managerial Ego. What product or service are you keeping or doing that isn’t profitable, but you just happen to like it?

## **NUMBER TWELVE**

### ZERO-BASED THINKING

One of the most powerful tools you can use. Example: zero based accounting. “rather than determining how much more or less we should spend in this area, should we be spending money in this area at all?”

KWINK Knowing What I Now Know

Is there anything that I am doing today that I wouldn’t get into again today if I had to do it over?

Beware the Comfort Zone. People become comfortable doing certain things in a certain way and then they resist any change

Ask the Key Questions:

1. Is there anything in your business that, knowing what you now know, you would not start up again today if you had to do it over?
2. Any product or service you would not bring to market again?
3. In business process, investment, or methodology you would not start up again?
4. Any person you would not hire again?

Determine Your Sunk Costs: Money is gone forever

Right or Wrong Decisions: Cut your loses

How Can You Tell: It’s probably causing you or the company a lot of “Stress”

Is It Too Late: Yes, but how long are you willing to pay in additional time, money, and emotion?

## **NUMBER THIRTEEN**

### TAKE THE OFFENSIVE

Business Model Innovation. Is your current model leading to continuous, consistent and predictable growth. If not it needs innovation

A Better Way? Free product, give away samples, take the lead on quality, great warranty

Reinvent Yourself, Let go of the past, Encourage courage, Embrace Failure, Do the Opposite, Imagine the Possibilities, Re-invent your products and services, Reject limits, Aim Beyond

After the Fire

Imagine that you arrive to work one morning and your company had burned down overnight. You must start over.

Which products or services do you want

Which customer do you want to try to reach

Which employees would you take with you

Don't wait for the fire. Make your move and surprise your competitors with a reinvented company.

## **NUMBER FOURTEEN**

### **FLEXIBILITY WINS**

Avoid Limited Thinking. Welcome and explore all ideas and suggestions

Prepare Contingency Plans. What if\_\_?\_\_\_ happens

Flexible Operations. Multi-talented/capable people

Going Small.... especially in production. Can be a major maneuver

Risk reduction: Large scale disasters are less likely

Financial flexibility: Don't over build, stock, hire, buy. Make demand lead expansion

Operating flexibility: Closing smaller units vs. keeping large units that aren't efficient

Geographic flexibility: Stay close to markets, labor, suppliers

## **NUMBER FIFTEEN**

### **CREATE NEW MARKETS**

Can be a risky strategy that can lead to great rewards.

Four Paths:

Path 1. Create a new product or service for an unknown customer set

Path 2. Create a new product or service for a known customer set

Path 3. Create a known product for a known customer set

Path 4. Create a known product for an unknown customer set



## Key Success Factors

Creating new markets is not a strategy for those looking for easy wins. Increase your chances for success by following these guidelines:

Let the customer drive your decision. Who are they and what do they want?

Take or try the easier paths first

Don't chase every opportunity

Build cross-functional teams

## Blue Ocean Strategy

Based on the idea that most companies battle in a part of the ocean that is filled with competitors that the bloody competition makes the ocean red. Instead of fighting competition a better strategy is to create your own market: to find a blue ocean where there are no competitors

## **NUMBER SIXTEEN**

### CHOOSE YOUR COMPETITION

They determine your level of sales, your prices, your profitability, your market share, and how fast or how slow you grow

#### Identify Your Competitors

Any Alternate Use of Funds: Any alternate amount of money you ask from your customer is a competitor to them choosing your company

Choose Your Competitor: Compare their strengths and weaknesses with yours

Position Yourself as the Superior Choice: What can you do to improve the attractiveness of your product, services, company?

## **NUMBER SEVENTEEN**

### ENGAGE THE ENTIRE COMPANY

When implementing strategy, the entire company must be working together. Everyone must believe in the strategy and know what it means for their work and activities. All the goals and processes of the different parts of the company must be aligned. Concerted action

#### Business Units Working Together

Motivate Employees. Set the right incentives

Reward the doers.

Face the brutal facts

Clarify responsibility and accountability

Get timely and pertinent information

Step up to your leadership responsibilities, modeling the right behaviors and establishing an honest relationship with subordinates

Conduct a strategy review which clarifies the strategy and sets execution objectives

## **NUMBER EIGHTEEN**

### FINANCIAL OBJECTIVES

Key measurements: Learn how to calculate them and what they mean to your business. Then use them to manage your business and develop strategies,

- a. Return on equity
- b. Return on investment
- c. Return on sales
- d. Net Profit: The key measurement to all the others

### Investment Strategy

- A.** Where do we place resources to get the greatest returns?
- B.** Divestments. What do we get rid of before we add?
- C.** Anticipate crisis. Worse possible outcomes from: interest rates, fuel costs, competition weather, loss of key people, product failures, law suits, insects and diseases, etc. How would you adjust? Look at history. Prepare on paper now!

## **NUMBER NINETEEN**

### THE BEST STRATEGY FOR PROFITABILITY

- 1. Quality of Product or Service
- 2. Quality of associated services: Packaging, delivery, appearances, presentation, communications, timeliness, trust, dependability
- 3. Define Quality Clearly: Determined by the customer, by competition, alternatives in the marketplace, employees
- 4. What is quality? What does it mean to the customer. How do they see. Ask them!

## **NUMBER TWENTY**

ALWAYS REFER TO FOUR KEY QUESTIONS OF BUSINESS STRATEGY

1. What is our business?
2. What will it be in 1, 2, 3, or more years if we don't start strategic planning? And if we DO?
3. What could it be? The possibilities? If we do or don't build a strategic plan?
4. What should it be if we do business strategic planning. Our dream, vision, or strengths

## **NUMBER TWENTY ONE**

THE FIVE PHASES OF STRATEGY FORMULATION AND IMPLEMENTATION

An overview of the strategic journey.

1. Strategic Intelligence Gathering and Analysis. First know what questions to ask and then go and find the data that will help you answer the questions. Trick is to know what data to use and what to ignore. Look inside company first. Keep asking questions.
2. Strategy Formulation. Choose the strategy you are going to follow. Start with the time frame and have an endpoint. Must take place in the context of the company's values and basic beliefs. Beliefs should guide your organization's day to day behavior and practices and build your culture. Decide your Driving Force and then align your products and services and your target markets with that driving force. Lay out financial targets.
3. Strategy Master Project Planning. Create a list of potential key projects based on the strategic profile and a product/market matrix.
4. Strategic Implementation. The hard part. Pay attention to details. Right organization? information reaching the right people? Are you culture and strategy aligned? Look at your performance goals. Are you rewarding people in a way to encourage them to achieve your strategic goals? Are you communicating?
5. Monitoring, Reviewing, and Updating your Strategy. Never let up. The work of a strategist is never done!

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