

## Value Drivers in Action Part 4

### Meet Ike

*Ike was the owner of a small, Midwest company; a Tier I supplier of proprietary parts to several U.S. heavy truck manufacturers. Ike decided he wanted to significantly ramp up the value of his business before his eventual exit. Ike wanted us to help him devise and execute a plan to grow the value of his company and then help find a buyer. This multi-part article is his actual story.*



### Putting a Realistic Growth Strategy in Place (Value Driver #4)

Your growth strategy is your "story" to a potential buyer, and it should align with your history. It's essential in proving to potential buyers the likelihood of the company's continued success. It should be based on: industry dynamics, demand for products, new products, marketing, acquisitions, and expansion. And, it's got to be in writing.

Here's how Ike approached his growth strategy.

Ike recognized that a sound, strategic plan was a critical first step to all other initiatives. It was easy to see that it's what creates the architecture for building the company's value over the long term. So, he and his team established, as a high priority, the development of a comprehensive, written, strategic business plan.

The strategic plan was formally updated every other year. The process included market research to ensure the strategy was based on sound data. The final written plan included detailed three year financial projections. The strategic plan was used by the team to develop detailed operating plans for each of the company's functional departments - sales, marketing, engineering, human resources, opera-

tions, and finance. These operating plans were used by Ike and his team to hold each department leader accountable to the department goals included in the strategic plan.

Ike's disciplined approach to planning was about more than building a better business. It was about creating an environment of discipline and accountability. Monthly management team meetings were not focused on looking in the rear view mirror (e.g. reviewing the prior month, quarter-to-date, and year-to-date financial results and variances). Variances were already analyzed and explained prior to the meeting. Instead, management meetings focused on the strategic plan, the detailed department operating plans, customer surveys, and examining the company's markets.

For more information or to learn how L. Harris Partners can help you grow your business:



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