Practical Growth: The Quad Plan

A planning process designed specifically for small and mid-sized manufacturers

In his 35 years in manufacturing, **Mike Collins** has helped companies make the transition from being defenders-focused on process change and cost-cutting-to prospectors-focused on finding new markets and profitable growth.

The following outline describes a planning process that was designed specifically for small and mid-sized manufacturers of industrial products. It is based on the author's real life experiences in a manufacturing turnaround situation. As you sit down with management colleagues to discuss your role in the year's growth process, consider some of these points for a practical approach.

Mission/Vision/Values Trap

I have read many mission statements that make people feel good, but have little to do with growing a company. Instead of describing vague philosophies, write statements that are specific and clear. Here are some suggestions:

- Instead of using a term like "superior quality" in your mission statement,

explain your commitment specifically by defining how far you will go to support your customers if you make mistakes that cost them money.

- If you are concerned about long term survival, then define what it is going to take to meet your profit objectives.
- Instead of using a term like “global leadership,” define the geographic domain where you’re committed to 100 percent customer support.
- Commit to translating your sales and profit goals into a working plan that assigns responsibilities.

Internal And External Data

A traditional SWOT (strengths, weaknesses, opportunities and threats) analysis sometimes focuses too much on management’s perception of the marketplace. Instead of using SWOT, try gathering the data that will answer the following specific questions:

Internal Questions:

- Do you know where and why you are making or losing money?
- Do you know if you are making adequate margins on each product line, model, job and customer?
- How much investment will it take to achieve your growth goals?

External Questions:

- Can you identify the best customers to sell to, now and in the future? Can you identify the best customer profiles, and which customers are losing you money?
- Do you know which market niches to focus on now and in the future?
- Can you compare your products to the competitor’s products in price, delivery, and key features— model by model?
- Do you know the specific reasons you lost orders to competitors, citing every known lost order in the last year?

The Quad Plan

All of the internal and external information gathered should be carefully analyzed, summarized on charts, and presented to the team for debate. Management’s job is

to display the information on one page called a Master Quad Plan. The four quadrants would describe the following:

Major Problems: After analyzing all of the internal and external information, the major problems the company must address are summarized in one-sentence statements.

Solutions and Strategies: The team reviews and debates the problems until they've agreed upon the general solutions. The solutions become corporate strategies that will drive the rest of the growth plan.

Measurable Objectives: These are the measurable objectives on sales, cost of goods, net profits, new products, market share, new market niches, acquisitions, and replacement of unprofitable customers. These hard mission goals will be used to create a proforma budget and sales forecast.

Critical Success Factors: The fourth quadrant is a review of the critical success factors. These are the factors that must be achieved to give the plan a chance of success and to insure growth. These factors should be reviewed carefully and debated when the plan is presented to the owners.

Proforma Budget And Forecast

The proforma sales forecast/budget is necessary to give the managers and departments a projection of what they must prepare for, and to test some preliminary cost benefit suggestions. This will provide enough information to play "what if" during the next step of the planning process.

Implementation Using Quad Plans

Implementation is the step where even well conceived plans can break down. Implementation requires that the plan be shared throughout the company, and that problems and solutions are broken down to specific strategies and assigned tasks.

From my personal experience as a general manager and consultant, I'd recommend developing a simple action plan for each department or function. The idea is to push the authority for the specific strategies down to the people who must do or supervise the work. Since they and their staffs are the people who will make the plan work or not work, it is important to use a process where they can systematically examine the problems and solutions, once they know exactly what the mission is from the master quad sheet.

This is a collective process executed by the whole team. The process begins by asking each department what obstacles or problems they must overcome to achieve sales, profit, new product, and other company goals, and then defining the solutions.

The next step is to define the measurable objectives. The last step (or quadrant) lists the tasks that also must be accomplished during the year. All Quad Plans are

finalized and submitted to the general manager or facilitator for approval or recommended changes.

Mike Collins is the author of Saving American Manufacturing *[1], a comprehensive step-by-step strategy that demonstrates how to ultimately become an organization that will continually find new opportunities in today's fast-changing global economy.*

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