

Issue K061018

Seven Strategies That Will Definitely Move The Needle

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Friends & Colleagues:

In a time of constant, rapid, and, at times, unexpected change – identifying, determining and successfully implementing “needle-moving” key strategies is essential. A strategy is a “plan of action or policy designated to achieve one or more major goals.” Effective strategies can create a strategic or competitive advantage over the long term. **Too often real estate companies and leaders confuse the annual budgeting process or a two- to three-year operational forecast as strategic planning.** Pipeline forecasts and work-in-progress timelines are not strategic, but are tactical. Value-creating strategies; building strong, internal core competencies; developing effective talent and brand management plans; and solidifying achievable growth opportunities should be a top priority for all real estate leaders. In an industry vulnerable to cyclical change, there is no reason to follow the herd going nowhere. Developing and implementing effective organizational architecture and understanding the current and emerging market shifts and business intelligence in a sea of social media and search engines must be a strategic requirement.

Many real estate leaders, unfortunately, lack a clear road map that articulates a long-term vision containing measurable goals and providing the strategies needed to be successful. Critical questions should include: [1] What are we trying to accomplish/achieve? [2] Who are our customers/clients? [3] Why are we doing this, and for what purpose? [4] Which strategies are needed to successfully accomplish 1, 2 and 3?

One of the key areas of focus needs to be, **“How do we build/create a sustainable, relevant, profitable and scalable enterprise?”** Knowing one’s strengths and weaknesses provides a platform of leveraged opportunity and continuous improvement. The ability to: innovate; show restraint; challenge the status quo; understand your customers and the customers of your customers; create multiple patterns of success; develop a competitive advantage; measure your success; and have an unyielding passion and commitment to quality, service and performance will be the cornerstones for current and future success.

Key Strategic Questions To Ask BEFORE Starting A Strategic Planning Process

What...

- ❖ Is the basis/catalyst for your Company's existence?
- ❖ Is your Company's purpose and value proposition?
- ❖ Is your Company's sandbox [i.e. your core competency]?
- ❖ Differentiates your Company from its competitors?
- ❖ Is your "live" list of strategic challenges?
- ❖ Do you consider to be your Company's breakthrough opportunities?
- ❖ Is stopping your Company from making big/bold moves?
- ❖ Is keeping your Company anchored in the past?
- ❖ Key strategies have your Company adopted to keep it profitable, sustainable and relevant in the future?
- ❖ Does your Company's current/prior performance tell you about its likely future performance?
- ❖ Do you want to accomplish/achieve? What are your 5- and 10-year Measures of Success?
- ❖ Are you willing to dramatically change to meet/exceed your aspirations and expectations?
- ❖ Is missing? What, if added, would move the needle?
- ❖ Decisions would you make immediately if you were in charge?
- ❖ Are the top threats to your Company?
- ❖ Would you change to increase the effectiveness of past strategic initiatives?
- ❖ Risks concern you the most? Which of those risks can you control?
- ❖ Assessment tool[s] would you use to gauge your customers' knowledge and loyalty?

Source: CEL & Associates, Inc.

Typically, most real estate firms convene the leadership team to discuss "strategic planning" led by the CEO. Too often, very limited strategic or needle-moving decisions are made because time is spent simply rehashing the previous year's results and/or debating "tactical" solutions for yesterday's challenges. **Only best-in-class companies seek advice and guidance from outside the organization.** But those who go it alone mistakenly determine "we have our strategic plan" as the meeting concludes. In today's very challenging world, **"Failure is not fatal, but failure to change might be."** [John Wooden].

Formulating effective strategic options and strategies is essential in a marketplace of constant change, technological advancements, rapid innovation, market and policy shifts and persistent uncertainty. Rather than viewing strategic planning as a planning process, we must regard strategic planning as a time to identify, debate and select needle-moving alternatives or opportunities. **An effective strategic process is a journey, not an event.**

In this issue of *Strategic Advantage*, we will identify and discuss the seven key strategies every real estate company must have to be profitable and relevant now and in years to come. Obviously, this list is not all-encompassing, since there are far more than seven key strategies. However, **these seven needle-moving strategies are the foundation for long-term success.** The list *has not* been presented in order of importance or priority. I look forward to your comments.



Strategy # 1 – Create A Best-In-Class Talent Management Strategy

Throughout the U.S., a growing talent crisis is about to get worse; and no market or company is immune. While there is no shortage of applicants, there is an accelerating shortage of qualified talent. Finding the right person is becoming far more important than filling an open position. A growing shortage of 15,000 – 25,000 professionals per year in the real estate industry will likely last another 7 – 10 years. **Compensation is rising, turnover remains high and the combination of technology and consolidation are reshaping talent needs.** Compounding the challenge are the redefinition of work, a multi-generational workforce with differing views of work, and rising expectations for 24/7 accessibility and seamless delivery systems. However, every decision, relationship or action in real estate originates or is executed through the interaction of people. The real estate firm with the best talent in the right positions at the right time will emerge victorious.

Many real estate companies also struggle to figure out what functions and activities should be team-based versus entrepreneurial-based. Agile teams are probably the optimal solution and best suited for innovation and outstanding performance. Agile teams are often self-governing. This frees up company leaders to spend more time growing the business and consummating unique, strategic opportunities. Further, **real estate firms must remove organizational constraints and performance inhibitors.** While “letting go” and empowering others can be difficult for some, properly balancing employee empowerment and operational discipline must be a priority.

Interestingly, in a recent survey, **the “best” CEOs, Division Executives and onsite leaders were consistently those who were willing to step into the unknown, willing to challenge the conventional, and focused on future outcomes, not anchored in yesterday’s processes.**

An effective talent management strategy must also include a critical and objective view of all current leaders and employees, which includes identifying the individual’s strengths and areas in need of improvement. A 360-review process and/or psychometric testing can be effective tactical initiatives to provide statistical validation for the talent management strategy formulation. **Remember that the basis for creating an effective, productive and value-creating workforce begins with a key talent management strategy.**

The New Business Model

Current Model	Future Model
Dominated By Personalities	→ Dominated By Knowledge
Staffed By Employees	→ <i>Comprised Of Collaborative Talent</i>
Hierarchical Structure/Silos	→ Virtual Integration & Teams
Geo-Centric	→ <i>Knowledge-Centric</i>
Driven By Process	→ Driven By Creators Of Value
Governed By Organizational Charts	→ Consisting Of Networks & Alliances
Market Share	→ <i>Customer Share</i>
Based On Contracts	→ Based On Relationships & Connectivity
On-Time Fulfillment	→ Real-Time Fulfillment
Commodity-Driven	→ <i>Experience-Driven</i>
Service By Policy	→ <i>Service By Intuitive Behavior</i>
Focus On Service	→ Focus On Solutions

Source: CEL & Associates, Inc.

It is important to remember that work is being redefined. Work follows the worker. **The digitization of the workplace is creating a plethora of workplace challenges and opportunities.** In the “way-we-have-always-done-it” real estate industry, the creation of a best-in-class talent management plan cannot be assured by simply adjusting compensation, having a company newsletter or expanding benefits. Within the real estate industry, space or where work is conducted becomes less important than the web and intersection of collaborative relationships, interactive technologies and economic and geographic mobility. **Preparing for the new era of work mandates the creation of a robust and forward-looking talent management plan.** One of my favorite quotes is from Ralph Marston, “Excellence is not a skill, it’s an attitude.” The same can be said of performance. Create the right workplace environment and an excellent performance attitude will follow.



Strategic Talent Statement

“To Become The Employer-Of-Choice That Provides Every Associate The Opportunity To Reach And Exceed His/Her Potential.”

Talent Measures Of Success

1. Increased productivity.
2. Reduced turnover.
3. Employee satisfaction.
4. Number of training hours per Associate.
5. Number of internal promotions.
6. Compensation-to-results benchmarks.

Talent Action Steps

1. Align accountability and rewards to the desired results.
2. Identify and perfect High Potentials and next-generation stars/leaders.
3. Deploy contemporary compensation and retention/recognition plans.
4. Create leadership and professional plans for each mission-critical position.

Source: CEL & Associates, Inc.

Strategy # 2 – Develop A Value-Creating Brand Management Strategy

One of my favorite quotes about marketing and branding is, **“Build a company that reflects your brand and customers will follow.”** A recent study by Circle Research found that 77% of B2B marketing leaders say “branding is critical to growth.”

An effective brand management strategy is both strategic and transformative...not tactical and reactive. Controlling, shaping and creating a valued brand will create a competitive and strategic advantage. For real estate firms, the brand leadership model can be at the property level and at the Company level. The ability to leverage one’s brand requires a flexible and prospective brand architecture that reflects a thorough understanding of its customers/clients, competitors and strategic partners. In a marketplace of innovation, new ideas, increasing competition and unexpected external influences, developing a brand management strategy is critical.

In The Future Real Estate Firms Will...

- Be valued for their shared knowledge base; number of recurring, valued client relationships; and connectivity [the network effect].
- Focus on the customer and the customer’s customer, not solely on one’s competitors.
- Focus on strategic solutions and relationships, not services and pipeline.
- Encourage collaboration, not competition, among departments, divisions, regions and teams.
- Measure success by their rate of change, innovation, employee retention, customer satisfaction and productivity growth.
- Invest in talent and technology to connect all Stakeholders more closely to the firm.
- Own the future by investing in the products and value-creating services their clients desire.
- Develop their own differentiating story and follow it into the future.
- Make entrepreneurial decisions that ensure long-term success.
- Create value through teamwork, open communication, collaboration and tenacity.
- Always look forward, remembering the past but eager to see what is around the corner.

Source: CEL & Associates, Inc.

Branding has many stages or phases. **From brand awareness to brand identity to brand loyalty to brand equity...each sequential step requires creative brilliance to create a differentiating story.** While some brands can be aspirational [think Nike], many brands tend to reflect accomplishment and/or intention. It is incorrectly assumed by many real estate companies that a nice logo, an award, size and/or legacy defines one's brand. **A brand is only relevant when clients, customers, employees, strategic partners and other Stakeholders perceive it to be "one-of-a-kind," compelling and valued.** A brand is a concept you instill in the minds of others.

The relationship between a Stakeholder and a brand is critical in delineating the differentiating qualities of a company and in building valued relationships with one's clients/customers. **Real estate firms must demonstrate relevance, which is far more than a logo or declarative marketing slogans/statements.**

Strategic Brand Statement

"To Create A Brand That Is Valued By All Stakeholders.

Branding Measures Of Success

1. Increased percent of recurring business.
2. Achieve increased levels of website visits and inquiries.
3. Increased success rate regarding new business activities.
4. Positive social media references and valued content.

Branding Action Steps

1. Create a recurring customer feedback process regarding the brand's higher purpose and performance.
2. Develop a brand "talking points" list for all employees.
3. Develop external examples of brand success.
4. Be the recipient of awards that reflect the brand's value.

Source: CEL & Associates, Inc.

Strategy # 3 – Develop An Effective & Sustainable Governance Structure

The **relationship between strategic management and governance is the fulcrum upon which sustainable real estate organizations flourish.** Empowering others, holding individuals and leaders accountable and creating a decision-making environment that manifests itself in making great and impactful decisions are critical. **An effective governance structure must satisfy the needs of all Stakeholders plus Shareholders.** Countless studies have concluded that the relationship between decision makers and an organization's effectiveness rests with an effective governance structure.

Over the past several years, the external environment for real estate firms has become very competitive, increasingly complex, unpredictable and operationally challenging. When other regulatory, compliance, reporting and legal challenges are added, success can be assured only when an effective governance structure is in place. The unexpected loss or departure of key leaders and the ability of competitors to buy clients, talent, market-share and opportunities mandate a more robust governance structure.

Too often real estate firms, Partners and/or Founders believe that "they have all the answers" and "they have no need for unbiased opinions or perspectives." **Unfortunately, too many real estate leaders do not ask enough questions and do not engage in balanced dialogue with their leadership team.** Too many firms have organizational structures designed to assure hierarchical importance, power, top-down accountability and conformity. Some real estate firms seek to create freedom of thought opportunities, and those who are successful in doing so end up with a cultivated passion for success.

An effective governance structure does not tell the Company what to do, but it does hold the Company's leaders accountable for successfully implementing and executing the Company's vision and strategic plan. **Increasingly, lenders, large tenants, strategic partners and next-generation Company leaders want and expect the organization to have a sustainable governance structure in place for the inevitable surprise.** A sustainable governance structure mandates: the creation of a Board of Directors comprising independent and Company leaders [it can be Advisory at first]; a clear and aligned definition of authority/decision-making; a commitment to the Company's values, vision and goals; and an unyielding passion for success.

Strategic Governance Statement

"To Create A Sustainable Governance Structure That Assures The Company's Long-Term Success While Strengthening All Stakeholder Relationships."

Governance Measures Of Success

1. Create a valued Board of Directors.
2. Expanded leadership roles by others to reduce dependence upon a few.
3. Adhere to a Governance Charter.
4. Excellent Board and C-Suite relationships.

Governance Action Steps

1. Create clear lines of authority and decision-making.
2. Create a Governance Charter.
3. Recruit non-retirees to the Board.
4. Create a defined compliance and reporting schedule.

Source: CEL & Associates, Inc.

Strategy # 4 – Secure A Long-Term Source Of Growth Capital

Over the next decade and beyond, the pursuit of capital for growth will be increasingly challenging. Growth capital includes the ability to invest in technology, talent, market expansion, innovation, long-term business development, acquisitions and development. Attempting to grow from profits can be risky as compensation, Shareholder expectations and reserves consume a disproportionate amount of "what's left at the end of the year." Further, if one wants to acquire a competitor or complimentary firm or expand geographically, having a long-term source of capital is a prerequisite.

Growth capital can be increased by: adding/expanding the number of Shareholders; raising strategic capital for specific initiatives; borrowings/debt; strategic joint ventures; asset sales/refinancings; corporate bonds; special initiative funds; set-asides; and structured reserves. The key to this strategy is "long-term," since immediate capital solutions often do not create long-term opportunities. Obtaining growth capital is a necessity to stay competitive. However, entity capital and/or preferred equity structures can have significant repercussions if monies are not "paid back."

Top 10 Practices For Achieving High-Potential Leader Sources

1. Fair/objective talent review process.
2. Unbiased high-potential ID process.
3. Fair/transparent performance management.
4. Competency-centric talent management.
5. Personalized HIPO development.
6. Leader strengths/weaknesses diagnosed.
7. Systematic strategic planning.
8. Contemporary compensation/rewards plan.
9. Professional and career development process.
10. Peer and Company recognition programs.

Source: The Conference Board 2018 and CEL & Associates, Inc.

Once a long-term strategic plan is developed and the scale of growth capital is determined, adopting the “right” strategic option can be undertaken. If one is in need of \$1 million or \$25 million, the solutions may be quite different. CEL & Associates, Inc., for example, has worked with real estate companies which have: [1] allocated 20% of every promote into a growth fund; [2] set-up a three- to five-year growth fund with an attractive interest rate; [3] ceased Shareholder/Partner distributions until the desired level of growth capital has been raised; and [4] created a structured revolving line of credit from reserves that is “automatically” replenished from promotes and/or operating profits. These are just a few examples of how others in the real estate industry have sought to create a secured source of growth capital.

Strategic Capital Statement
“To Create And Secure A Stable/Reliable Source Of Long-Term Capital To Fund Profitable Growth.”

- Capital Measures Of Success**
1. Amount and timing of capital raised.
 2. Ability to pay back and/or gain a return on invested growth capital.
 3. Ability to invest in best-in-class talent and infrastructure upgrades.
 4. Ability to increase market- and client-share.

- Capital Action Steps**
1. Identify 1, 5 & 10 yr. growth capital needs.
 2. Determine optional structure for obtaining growth capital.
 3. Identify potential sources for growth capital.
 4. Initiate activities to secure growth capital from the targeted source[s].

Source: CEL & Associates, Inc.

Strategy # 5 – Create Recurring Income To Cover Overhead

How many real estate companies do you know who must “transact” to obtain fees [e.g., development fees, acquisition/disposition fees, leasing commissions, etc.]? The likelihood of “going-out-of-business” or needing to “lend or invest capital” in the operating company to “stay afloat” increases exponentially based upon the level of recurring income. **The ability to have consistent and recurring monthly income is very valuable when seeking to run a real estate operating business profitably.** With one or more sources of recurring income, employee and customer retention rates are higher, financial distractions are minimized and a secure source of recurring income enables the enterprise to be scalable. The typical sources for recurring income include but are not limited to: asset management fees;

2018 Top Priorities

Top Priorities	Rank
Reshaping The Business Model For The Future	1
Growing Recurring Revenues	2
Attracting And Retaining Talent	3
Securing Growth Capital	4
Building The Balance Sheet	5
Brand Differentiation And Brand Management	6
Mitigating Risk	7
Acquiring And Keeping Clients/Customers	8
Growing Market And Client Share	9
Containing Operating Costs	10
Succession Planning	11
Keeping Up With Technology	12
Increasing Government Regulations/Taxes	13
Meeting Tenant/Resident Demands And Expectations	14
Cyber Security	15
Increase In Interest Rates	16

Source: CEL & Associates, Inc.

property management fees; lease administration fees; multi-year fee-generating assignments; loan servicing fees; partnership accounting fees; and licensing or eCommerce engagements.



Every real estate firm, regardless of size or business model, should seek to generate profits from recurring income that can cover 100% of Corporate overhead [at a minimum]. I realize many readers of *Strategic Advantage* are in companies where the recurring income profit percentage covering overhead is 10%, 15% or perhaps 20%. A few may be at 50% - 60%. However, by increasing that number by 5 or 10 percentage points per year will accomplish this strategy within a fairly short period of time. A recent survey of 1,000 U.S. businesses found that nearly 50% had either adopted or were planning to adopt a recurring income model. Within the real estate industry, based on experience, that percentage is likely far below that benchmark.

A recurring income model will enable one to enhance/strengthen existing, valued client relationships and seek new long-term client relationships. Building a loyal customer base also can facilitate the collection of proprietary customer data to create a competitive edge, identifies and mandates a critical examination of operating costs, and mandates a prioritization of building valued customer relationships. Further, **recurring income [particularly if it covers 100% of Corporate overhead] can add a significant premium to enterprise value.**

Strategic Recurring Income Statement

"To Create One Or More Sources Of Recurring Income Sufficient To Cover 100% Or Greater Of Total Corporate Overhead."

Recurring Income Measures Of Success

1. Sufficient recurring income to cover Corporate overhead.
2. Stabilized and secured multiple sources of recurring income.
3. Reduced Corporate overhead costs.
4. Increased monies for growth initiatives.

Recurring Income Action Steps

1. Develop and deploy industry profitability benchmarks to recurring income sources.
2. Grow recurring income.
3. Disengage from nonprofitable assignments and/or ventures.
4. Create a process to reduce Corporate overhead allocations.

Source: CEL & Associates, Inc.

Strategy # 6 – Become More Customer-Centric

Customers are the lifeblood of real estate firms. If talent is a firm's No. 1 priority, creating, nurturing and growing a customer-centric organization is only a shade lower in importance. Customers occupy/rent the buildings an organization acquires, develops, manages or leases. Customers [tenants, residents, vendors, lenders, investors, strategic partners, etc.] create demand, opportunity and are a revenue source. Exceeding the expectations of one's customers will result in a better outcome for all concerned. **Making customer service a behavior not a policy must be a key element in a customer-centric strategy.** While the old ways of conducting business may seem safe or comfortable, best-in-class real estate firms have shifted from reacting to customers to finding ways to create long-term valued customer relationships. While there are many good real estate firms, **there are only a few truly "outstanding" organizations.** The shift to service excellence and valued relationships has become a mantra for those who recognize that customers do matter. While a number of real estate

Memorable Quotes

"Customer service is a behavior, not a policy."

"Create a recurring, valued customer, not an "event" customer."

"Customers want you to anticipate and resolve problems before they exist."

"Focus on the intersection of what customers want and what your company does better than anyone."

"Customer service is creating a customer experience that exceeds expectations."

firms “declare” or “state” that they are customer-centric, their business practices, policies, processes and procedures are often contrary to that expressed belief.

Excellent customer service begins with an ongoing, recurring and independent survey/feedback loop regarding customer satisfaction. Obtaining statistical benchmarks on performance and the perceived level of service and relationship is critical. These surveys can highlight what areas are doing well and areas needing improvement. CEL & Associates, Inc. has conducted millions of customer service surveys within the real estate industry since 1996, and two facts are clear...customers have strong opinions, and what one thinks is occurring often isn't. If you do not keep score, how do you know if you, your team and your company are winning? While the real estate industry does a wonderful job of celebrating the number of buildings owned, number of square feet leased or managed, the amount of money raised and market-share...it too often fails to keep score on its most important assets, its customers. Losing ground to one's competitors because you “didn't know” one or more vital customer facts, is inexcusable. **The customer experience is a daily scorecard of one's performance.** As Richard Branson stated, “The key is to set realistic customer expectations, and then not to just meet them, but to exceed them - preferably in unexpected and helpful ways.” Or as Sam Walton said, “The goal as a company is to have customer service that is not just the best, but legendary.”

It is important to remember that when creating a customer-centric strategy, **the customer's voice must have a “seat at the table”** when developing, enhancing, modifying and/or implementing a customer-centric strategy. Having a defined set of service standards, implementing an effective customer-access strategy and, most importantly, deploying a customer-friendly talent base are foundational steps every real estate company must address. Customers are the keys to every real estate event. In a digitized marketplace, failure to meet and exceed one's customer expectations is not an option...it is a core business requirement.

Profile Of A Customer-Centric Company

- Possesses a real-time, 360-degree customer profile
- Embraces a continuous feedback process
- Hardwires the voice of the customer into all decisions
- Invests in customer-centric talent, training and professional development
- Shares knowledge of the customer throughout the organization
- Committed to service excellence
- Possesses customer service standards
- Committed to building valued and lasting customer relationships
- Includes customers in company values
- Ties compensation to customer satisfaction
- Celebrates those who achieve customer satisfaction
- Involves customers in solutions
- Celebrate customer success
- Possesses a thorough knowledge of customer needs
- Exceeds customer expectations

Strategic Customer Statement

“To Develop And Implement Customer-First Business Practices That Exceed Expectations And Result In Long-Term, Valued Relationships.”

Customer Measures Of Success

1. Customer satisfaction.
2. Percent repeat business.
3. Number of referrals.
4. Customer retention.

Customer Action Steps

1. Develop company-wide Standards of Excellence.
2. Create a customer knowledge database.
3. Deploy a cross-selling culture.
4. Increase the cost of disengagement.

Source: CEL & Associates, Inc.



Strategy # 7 – Create A Culture Of Innovation & New Ideas

Steve Jobs once said, “Innovation distinguishes between a leader and a follower.” In today’s rapidly-changing and uncertain marketplace, the only way to survive and prosper is to be in a state of continuous transformation. To create that ongoing transformation requires sacrifice, innovation, new ideas and perseverance. As the American inventor Charles Kettering said, **“If you have always done it that way, it is probably wrong.”** Creating a culture of innovation and a workplace environment that fosters new ideas builds the cornerstones of best-in-class firms. **To accomplish great things mandates an enterprise that can dream as well as execute.** The accelerated pace of technological advancements, the emergence of new building materials, the rapid evolution of new ways to connect and transact, use of predictive analytics, and the accelerated role of big data are reshaping the real estate industry. Artificial intelligence, social media, immersive experiences, digital twins, event-thinking and continuous adaptive security are driving business models for 2020 and beyond. The growing intelligent digital mesh, edge computing and conversational digital platforms are reconstructing the commercial and multifamily real estate landscape. The increasing role of automation, robotics, augmented and virtual reality and the rapidly changing nature of work require every real estate firm to innovate and transform itself. **When was the last, great idea generated/proposed within your organization?** How was it received and/or handled?

Three areas within every real estate company are teed up for innovation: products/services; business practices/processes; and organizational architecture. Innovation is not intentional, not programable...it is created by structured circumstances and encouragement. Every aspect of one’s business should be open to innovation. This requires a blame-free environment and the ability to question historical norms and sacred cows. If you want employees to foster new ideas, new ways of conducting business, then **you must encourage experimentation and implement a transparent culture where collaboration and creativity can flourish.**

Very few real estate companies have an Innovations or Futures Committee. Very few real estate companies invest in ideas. Far too many real estate firms wait for their competitors to innovate and then follow suit. Further, there is a fear or hesitation in many real estate firms to do different things, not do things differently. **Great ideas emerge once you leave your comfort zone.** For intuition and new ideas to flourish one must be prospective, not retrospective. Becoming comfortable with the uncomfortable must be integral to the successful adoption of this strategy.

Strategic Innovations Statement

“To Develop A Workplace Environment That Fosters And Encourages Innovation And New Ideas That Will Enable The Company To Exceed Stakeholder Expectations.”

Innovations Measures Of Success

1. Generation of a minimum of (TBD) new ideas per quarter.
2. Increase productivity measures by adopting innovative business practices.
3. Create multiple innovation “Wows” for our Stakeholders.
4. Receive peer group recognition for an industry innovation.

Innovation Action Steps

1. Create an Innovations Committee.
2. Stage quarterly Company Innovations Events/Awards.
3. Create a dedicated budget for Innovations investing.
4. Have 1 – 2 pilot studies ongoing per year for new ideas.

Source: CEL & Associates, Inc.

Additional Strategies

In addition to the seven key strategies that will “move the needle,” I have highlighted additional key strategies below for 2018 – 2019 consideration.

Additional Key Strategies

- ❖ Create a 3- to 5-year vision/strategic plan and a 5- to 10-year outlook plan.
- ❖ Build the balance sheet with adequate rainy-day funds.
- ❖ Streamline business practices and reduce/eliminate redundancies.
- ❖ Upgrade and integrate technology throughout the organization and within all business practices.
- ❖ Identify and lock-in next generation [High Potential] stars.
- ❖ Eliminate all non-core, non-essential services, products and/or assets.
- ❖ Create a sense of urgency with accountability throughout the organization.
- ❖ Instill and govern by a set of Key Values and Principles.
- ❖ Create a more contemporary/engaging organizational structure.
- ❖ Remove those who do not embrace your Key Values or culture.
- ❖ Assess and eliminate risk.
- ❖ Create sustainable governance and have designated No. 2s [“Successors”] for all mission-critical positions.
- ❖ Celebrate success...collaborate...listen...and never tolerate “exceptions.”
- ❖ Do different things...not the same things differently.
- ❖ Simplify decision-making and make employees a part of the business strategy.
- ❖ Build an “Internet of Workplace.”
- ❖ Create a “Workplace For Me” operating system.
- ❖ Embrace a culture of transparency, collaboration and co-working mentality.
- ❖ Acknowledge and take steps to avoid generational conflict.
- ❖ Assess the “wellness” rating of your buildings.

Source: CEL & Associates, Inc.

Closing Comments

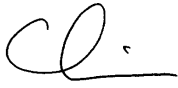
Moving the needle is not easy. **However, adopting these seven Key Strategies will not only move the needle, but they will foster new opportunities and improved performance.** Confronting uncertainty and creating a competitive advantage mandates the adoption of key strategies that are aligned with one’s vision and Shareholder expectations.

Does your strategy address and overcome the emerging long-term risks? When you make your overall strategic planning and strategy formulation process a journey rather than a destination, good things will happen. Are you making choices or tradeoffs? How are you focusing your internal debate regarding what strategies to adopt?

I hope this issue of *Strategic Advantage* will encourage additional thoughts and consideration. Making big moves and moving the needle are clearly needed today. How well are you doing in addressing these challenges and opportunities?

I welcome your comments, feedback, insights and perspectives.

Regards,



Christopher Lee

SPECIAL ANNOUNCEMENT

Over the past 24 years, we have received hundreds of emails and inquiries asking us to create a more frequent "one- to two-pager" on matters of strategic importance. We are pleased to announce that **we have launched a timely brief entitled *Leadership Conversation***. Each edition will feature one topic, provides recommended strategies, includes a prediction and highlights key questions to ask at your next Executive or Management Committee. The feedback for this concept and format has been very positive, and we are excited for this kickoff. ***Strategic Advantage*, our regular newsletter, will continue as a quarterly publication.**

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