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Website re-launch

Do you need expert advice? What about some branding support? Want to sign up for a webinar or executive series courses? You'll soon be able to do so in one online visit to www.managingforsuccess.ca. The Alliance of Ontario Food Processors (AOFP) is re-launching the Managing for Success website this month.



Strategic planning expert Alex Lowy delivers the first Managing for Success Executive Series course. See back page for registration details.

"We've completely revamped the website to become the go-to resource for practical, user-friendly information and resources on best management practices for food and beverage processors," says Steve Peters, Executive Director of AOFP.

Initially launched to promote and facilitate the application process for the Managing for Success business assessment project in 2011, the overhauled website is a dynamic resource that you will want to bookmark. "Results of the province-wide business assessment project identified information and resource gaps that this new website will help fill," says Peters.

The website will be updated regularly with new information through the following features:

- **Ask the expert** – get your questions answered by one of eight different business experts right on the home page
- **Event promotion and registration** – find out about educational events tailored to the food sector and sign up to reserve your space
- **Learning and tools** – stay informed about learning opportunities and download tools to help your business succeed
- **Resources and support** – access a database of consultants/advisors and educational providers with food and beverage industry expertise

Be sure to visit www.managingforsuccess.ca to check out these new highlights in the near future. In the meantime, this issue of Managing for Success Quarterly brings you great ideas from experts in strategy, leadership and supply chain management.

Effective business strategy

Successful companies have figured out how to compete in their market. But what makes them strategically effective? According to Alex Lowy, faculty member at the DeGroote School of Business Executive Education Centre, a good strategy answers why your business exists and why it deserves to win. “While there are classic elements of competitive strategy having to do with value propositions, pricing and positioning, there are no formulas or hard and fast rules to follow,” says Lowy. “Every company has a unique set of assets and challenges and must conceive its own way forward.”

Defining your strategic direction

Every business has a strategy whether they know it or not. Some create formal plans, others do it on the back of a napkin, but they all have one. Strategy consists of determining where the business is headed and why, and what needs to be done to get there. “Basing strategy on what worked in the past or on things like gut feel is very dangerous,” cautions Lowy. Trends, technology innovation, changing tastes and new competitors all affect your ability to compete. The best way to stay competitive in the face of shifting challenges is to operate within a well thought out strategic framework of priorities and contingencies. “When done well, strategic planning

creates clarity without rigidity and it establishes direction without limiting flexibility,” says Lowy. “There is a plan, but as competitive changes are detected, adjustments are made swiftly and effectively.”

Strategic planning

There is no single best way to create a strategic plan – there are lots of different approaches, varying in form, length, style and output. Lowy suggests that formal processes are not always necessary – instead, strive for thoroughness, thoughtfulness and integrity. Businesses who do strategy well look honestly at the challenges that exist and at the talent and positioning available for them to draw



Success Story – TWI Foods

Strong leadership combined with the world’s best ingredients are a recipe for success.

“When it comes to my success in the international market, a lot is contributed to the quality of ingredients I am using,” says Ali Kizilbash, founder and president of TWI Foods, crediting Canada’s superior wheat flour and milk for his competitive edge. The specialty food company based in Mississauga, Ontario creates high-quality cake-rusks, cookies, cakes, naan and frozen food items for a South-Asian market.

TWI Foods started small in 1997 serving Canada’s ethnic market. Today, Kizilbash just purchased a third plant and his “Crispy” branded products are exported all over the world. “In addition to Canada, we are in Australia, Europe, the Middle East and the U.S.A.,” he says. “We’ve successfully competed against every other country that has lower costs because we are more efficient, have superior quality, better processes and innovative ideas.”



upon. They utilize whatever analytic and modeling methods fit their needs, avoiding over-complicating the process. Finally, they pay careful attention to how the strategy process is perceived by staff, communicating and involving others in ways that increase trust and credibility.

Getting your strategy right

Tips from Alex Lowy for approaching strategy effectively:

- Make strategy an ongoing and fluid process so course-correction is valued and occurs naturally
- Stay open-minded when exploring options; seek out input from smart people, from customers, from people who see things differently than you; look for ideas both within and outside of your industry
- When possible, test out parts of a new strategy before you introduce a wholesale shift
- Build scenarios of what lies ahead, and try attacking strategic options to see how well they respond to each possible set of future conditions

Ask the Experts



Alex Lowy is a faculty member at the DeGroote School of Business Executive Education Centre, Burlington, Ontario
www.execed.degroote.mcmaster.ca

Q: What makes a leader effective?

A: Leaders add value in a lot of different ways. Two important domains of leadership are what occurs outside of a firm and what goes on within the firm. Externally, leaders monitor threats and opportunities and position their organization to succeed. This is highly strategic work. Internally, leaders set the tone and help people to do the best work they are capable of doing. When you link these two areas together, leadership becomes an integrative function, connecting what goes on inside the business with its external reality. Over the last few years, I have become especially interested in leadership framing. This is probably the most important thing leaders do. They interpret signs and signals from the marketplace for their organization. Converting negative data into a positive challenge is leadership. Framing success in a way that prevents complacency is leadership.



Apart from Canada's outstanding wheat and milk ingredients, Kizilbash's leadership style is another strong contributor to his company's success. Daily management meetings that discuss company values in relation to day-to-day activities gets the team off to the right start each morning. One of TWI Foods' core values is efficiency. Kizilbash's personal mantra is to not leave anything for tomorrow. "I will not leave anything unattended or unsolved. These are the basic rules that I believe makes you a good leader," he says.

At TWI Foods, there is also a culture of constructive criticism. "When somebody tells me that I have done something wrong, I am not insulted. I actually appreciate it by saying thank you for helping me improve," says Kizilbash. "We have a mentality that is not negative; it is a positive energy and that really helps."

Value chain approach

Taking a value chain approach to managing your business and the supply chain(s) in which it operates creates unique opportunities that allow you to more effectively adapt to changing consumer demands.

“Value chain management is all about understanding what is value in the eyes of the end consumer and then aligning all the operations and strategies of your business around delivering on that,” explains Martin Gooch, Director of the Value Chain Management Centre.

This approach focuses on delivering value to consumers and sustainable profits to all businesses in the chain – from input suppliers and processors to distributors and retailers. Creating, managing and sustaining relationships all along this chain is a key success factor.

Build relationships

“The fundamental aspect of value chain management is establishing constructive, proactive relationships with your customers and suppliers,” says Gooch. But he cautions everyone to take it one step at a time. “Value chain management is incremental. You don’t need to develop the entire value chain from day one.”

Gooch says the best place to start is by talking with customers. He recommends using a tool called a “critical satisfaction tree” to help guide the conversation. “It is really simple to use. Go through

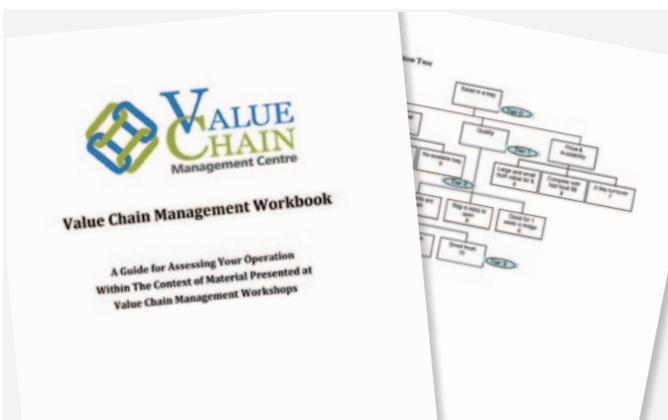


it with your customers and ask them what is critical in terms of product attributes and service, and then ask them to evaluate how well you are performing compared to their expectations,” he says. These insights will tell you where to focus management resources for improving long-term performance. They will also provide a benchmark for measuring improvements.

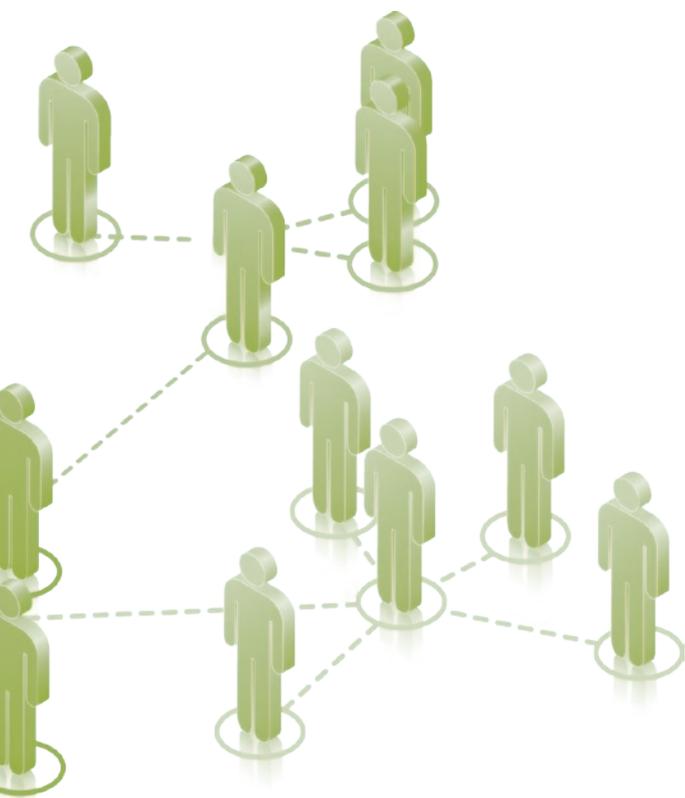
Ask instead of assume

One mistake that Gooch sees companies make time and again is basing decisions on assumptions. “One assumption that I hear a lot is that consumers buy on price. But I have never seen consumer research where price is ranked more important than number three,” he says. “Too often we focus on price rather than value.”

Identify what it is that consumers value by asking questions instead of assuming.



Find the critical satisfaction tree template here:
<http://www.valuechains.ca/documents/VCM%20Workbook%202010.pdf>



Ask the Experts



Martin Gooch is Director of the Value Chain Management Centre, Guelph, Ontario; www.valuechains.ca

Q: How can I ensure my products keep pace with consumer trends?

A: To keep up with consumer trends, you must know what is driving them. If you understand what is driving change at the consumer level, you can understand the reason for the food fads that emerge. For instance, right now there is a lot of media attention on local food. The drivers of this interest are exactly the same drivers that drove organic food – namely, for health and environmental reasons, consumers want greater insights and assurances about what goes into their food, and where their food comes from.

If you focus on identifying what is driving trends, then you won't get misled by the fads that emerge at various points in time. And you can do that through targeted consumer research. Go and talk to consumers about what they think of your product. This type of consumer research doesn't need to be expensive; you can do a lot of it yourself.

Gooch says these conversations can add directly to your bottom line. "We have worked with companies who have doubled their profitability in 18 months – because they've stopped focusing on the things that they had assumed they needed to do. Once they realized it wasn't something their customers valued, they stopped doing it. By doing so, they actually improved their operations, which in turn, improved their profitability and long-term competitiveness.

"The more you can focus on the determinants of quality and value, the more opportunities you will have to radically improve the performance of your business." – Martin Gooch

Strategy & Leadership BMPs

Supply Chain Management BMPs

Take a look at the following list of best management practices and check off each one that your company follows. Consider the boxes left empty as areas for improvement.

★ Learn

- Conduct a situation analysis of internal and external factors
- Have a strong understanding of customers, competitors and suppliers
- Identify the company's strengths and weaknesses

★ Focus and align

- Develop a vision for the business in 5 or 10 years from now
- Align organization to the vision and strategies
- Ensure entire organization understands the strategic plan and their role in it

★ Implement the plan

- Determine what actions will be taken, by whom, and when
- Regularly follow-up on progress towards the plan
- Determine if adjustments need to be made

★ Review the plan

- Conduct an annual review of the strategic plan
- Refocus on current strategies or change course, if needed
- Develop a contingency plan for potential events with a negative impact

★ Communicate

- Effective internal communications starts with the leader
- Develop channels to facilitate regular two-way communication
- Report on business direction, progress toward the vision and celebrating successes

★ Inspire

- Motivate and inspire others toward higher performance levels
- Build enthusiasm and commitment within the organization

★ Empower

- Empower others to be responsible and accountable for company results
- Be open, approachable and adept at mentoring and coaching staff

★ Insight

- Merge knowledge and analysis together into insightful ideas and direction
- Quickly differentiate between what is fundamental and incidental to the business, so that the company can focus on what's important

★ Supplier validation

- Define quality specifications for critical inputs
- Third-party audits of suppliers' food safety and quality systems
- New suppliers are carefully screened and qualified
- Ensure there are at least two suppliers for critical inputs or a clearly defined substitution plan

★ Value chain approach

- Embrace a value chain approach to handle changing consumer habits and industry consolidation
- Create, manage and sustain relationships all along the chain – from suppliers to customers

★ Traceability and food safety

- Food safety protocols are established, documented and communicated to suppliers
- Strict policies are in place for segregating high-risk materials and for preventing contamination through human error
- Product recall procedures are well developed and tested

★ Advanced ERP (Enterprise Resource Planning) systems

- Effectively manage ordering, control and use of materials with an advanced ERP system
- An effective ERP system integrates purchasing, receiving and production processes
- Maintain a balance of raw materials to provide continuous production, but optimized to conserve resources and minimize waste

★ Efficient logistics

- Ensure finished goods are converted to cash quickly
- Employ cost-efficient processes to store, pack and deliver product
- Carry out timely and accurate billing



Employee empowerment

Empowerment is the extent to which employees are informed about and involved in decisions that affect their work and the work of their organization. Empowered employees understand the priorities and challenges of the business, and how their role can help the business. They are provided with essential operating information such as quality data to help prioritize and adjust tasks on a weekly or daily basis. Finally, they are given the opportunity to express their concerns and make suggestions for improvement.

Managing talent

Engaging and developing employees is essential to organizational success. This is just one of the key takeaway messages for participants in last month's Managing for Success Executive Series course focused in HR.

Instructed by Geoff Smith, a 35-year HR veteran and professor at the University of Guelph, the one-day session examined how to recruit and retain the best people; engage employees; develop key people for managerial positions; and ultimately, maximize rewards and minimize turnover.

*Did you know?
Empowerment can result
in increased employee
job satisfaction and
better performance.*



“People are one of the key elements of a company’s success, but we don’t often pay sufficient attention to hiring practices or managing the talent we already have,” Smith told the group. “Using the lessons from this course will help you manage talent for your competitive advantage.”

For more helpful HR tips and techniques, go to:

<http://www.aofp.ca/Workforce/Excellence/Default.aspx>



Branding and Marketing Notes



Branding tip: consistency counts

Take the time to make sure your team’s business cards, sell sheets, and other materials reflect the visual and text elements you have outlined in your strategic marketing plan. All your materials should be consistent in messaging and appearance. Ensuring colours, font type, layout, and proper use of your company’s logo will help establish professionalism between your sales team and prospective buyers.

RESOURCES AND SUPPORT

- **Register** for Managing for Success Branding Webinars. “SEO Basics” and “Branding Beyond the Product Label” took place in June. Upcoming webinars include “Connecting with Consumers” (September 25) and “Point of Purchase Basics” (November 27). Go to www.managingforsuccess.ca for more information. Based on participant feedback we are also developing new webinars for this fall.
- **Stay tuned** for more courses offered through the Managing for Success Executive Series. Visit www.managingforsuccess.ca for details of upcoming sessions.
- **Go online** at www.managingforsuccess.ca and click on the “Resources” tab to access a list of consultants/advisors and educational providers with food and beverage industry experience to help your business adopt best management practices.
- **Watch** for our next Quarterly newsletter available this September, which focuses on Marketing & Sales and Corporate Responsibility.

To help improve our newsletter go to www.managingforsuccess.ca and complete a short survey.

For general information

visit www.managingforsuccess.ca today

or call AOFP at **519-650-3741**

Alliance of Ontario Food Processors,
850 Fountain Street South,
Cambridge, ON.
N3H 0A8

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