THE STOKELY LETTER



Strategy, Marketing, Mergers & Acquisitions

Deciding to Move to the Next Level

Most of us have probably heard of Tiger Woods.

He is on track to become the greatest golfer of all time.

At age 2 he appeared on the Mike Douglas Show putting with Bob Hope. He shot a 48 for 9 holes at age 3. He began winning golf tournaments at age 8 as the Optimist International Junior tournament winner. While attending Stanford he won the intercollegiate golf national championship.

He turned professional in 1996, and has since become the leading money winner on the professional tour every year.

His drives are incredibly long. His approach shots are amazingly accurate. And his putting is deadly.

He seems to thrive on pressure, and has gained the respect and admiration of his fellow players as well as those who follow professional golf. His presence can "make" a golf tournament, and his absence can relegate it to simply routine.



Tiger is a tireless worker at his profession. The time he spends on the practice range is legend.....constantly improving and honing his skills.

But a few years after he turned professional, he recognized that even though he was at the top of his game, he was going to have to make a dramatic and risky change to continue to excel at golf.

He was going to have to "Change His Swing".

Making the Decision to Change

Just imagine that you or your company is the best at what you do. You are a market leader. You are respected by your competitors. You are valued by your Customers. Maybe your reputation and financial performance has even placed you on the "America's Most Admired" list for the past several years.

Why in the world would you want to change?

Here is what Tiger said in a Golf Digest interview. "I just wanted to get to a better level, a higher level and be more competitive day-in and day-out, simple as that. I won the Masters by 12 shots in 1997. I changed my game. I want to become better than that and I was able to achieve that, and that's why I made this change. Well any time you make changes in your game, it's not going to be an immediate success, and I did probably take a step back. Once those changes kicked in, I had a pretty good run."

A pretty good run indeed. With his second Masters victory in 2001 he became the first player ever to hold all four professional major championships at the same time.

But then in 2005 he decided to make further changes to his swing to continue to improve!

In Tiger's case it appears that he has a powerful internal drive to keep raising his performance.....even at the risk of a short term decline in results, coupled with extra hard work.

From our experience, this kind of motivation is relatively rare.

More often we find such dedication to change and improve is prompted by competitive pressures. And in some cases by survival.

Whatever the reason for the decision to "Change Your Swing", over time it increasingly appears to be a requirement just to stay in the game.

Examples of Businesses "Changing Their Swing"

Microsoft

Bill Gates created one of the greatest business successes in history with the Microsoft operating system and Office Suite of PC programs. When the Internet first began to demonstrate its potential, he decided to dramatically change Microsoft's approach and embrace the Internet by "Changing The Swing" of the company's technology. Its new thrust included Internet Explorer, MSN.com, instant messaging and web based acquisitions like Hotmail.

Hewlett-Packard

Hewlett-Packard has built a money machine with its printers and ink cartridge replacements. But consumers were finding that sharing pictures over the Internet was quick and cheap, and printing digital images in store kiosks was often easier and less expensive than printing them at home.

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So in 2005 H-P "Changed Their Swing" with the acquisition of Snapfish, a photo Web site where users can store and share digital images, as well as place orders for prints to be delivered by mail or picked up in stores.

Now they are also aggressively moving into retail store kiosks, including a model that can be operated without a cashier, for placement in nontraditional locations like universities and airports. It is predicted that by 2009 the number of digital images printed in stores will be significantly larger than those printed in homes.

Coke and Pepsi

Total soft drink consumption in the United States is actually declining, in part likely due to its perceived link to obesity, particularly among children. Pepsi and Coke initially "Changed Their Swing" with the introduction of Diet versions of their regular brands. This was followed by the addition of bottled water, sports drinks like Gatorade and PowerAde, energy drinks like Red Bull and Full Throttle, teas and refrigerated juices.

Wal-Mart

Wal-Mart realized that substantial additional growth was available in food products, but it required a change in their proven approach. They "Changed Their Swing" by including high volume refrigerated and self stable products in all of their traditional discount stores. They also created a significant new growth model with their rapidly expanding Super Center stores that include a full line grocery store adjacent to the hard and soft goods retail offering. Leading competitor Target has done the same.

Getting Started

The motivation to change can come in many forms.

It can come from within or from the outside.

It can be proactive or reactive.

It can be positive or negative.

We believe the initial key as Jack Welch, former CEO of General Electric said, is "to recognize reality as it is, not as it was, or as you wish it to be."

Tiger Woods recognized that in spite of his marvelous skills, he needed to "Change His Swing" to move to the next level. He made the decision to change, decided what change was needed, accepted short term setbacks, and worked hard everyday to get better.

This is our recommended approach in our Strategic Planning work with our clients. We focus on answering three straightforward questions.

- 1. Where Are We Today?
- 2. Where Do We Want To go?
- 3. How Are We Going To Get There?

Getting everybody on the same page initially creates the foundation upon which your Strategic Plan is created. Then clearly developing your goals and then how you plan to achieve them builds team understanding, buy in and commitment to accomplish them.

We look forward to the opportunity to share with you how our proven Strategic Planning process may support you and your firm in "Changing Your Swing" to achieve record new growth in sales and profits.



"Life always gets harder at the summit...the cold increases, responsibility increases." Friedrich Nietzsche

"Only the paranoid survive." Andy Grove, former CEO Intel

"To win, you have to risk loss." Jean-Claude Killy

"It's not where you start....it's where you finish."

Dorothy Fields

"I'd like to tell you what gets people to change is knowledge or creatively applying that knowledge. Instead, it's emotion and survival."

John Chambers, CEO Cisco Systems

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BUSINESS GROWTH SPECIALISTS

We improve our client's performance and profits through team based strategic plans, mergers and acquisitions and marketing.

