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# Business Credit News

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**JANUARY 2015 Chairman: Terry Ludzenski  
Holt Cat**

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## “DOES YOUR OPERATIONAL PLAN COMPLIMENT YOUR COMPANY’S STRATEGIC PLAN?”

As 2014 draws to a close many professionals are preparing or analyzing their goals and objectives for the coming year. All too often these operational goals fall short for one simple reason. They fail to compliment the organizations strategic plan. In spite of this, it is possible to turn strategies and plans into individual actions necessary to realize the goals of the strategic plan. But it’s not easy.

The majority of companies today repeatedly fail to motivate their people to work together to achieve the corporate objectives. Although companies know their business and the strategies required for success, they too often struggle to translate their strategy into action plans that will enable them to be successful. Although many companies have a strategic plan, between seventy and ninety percent failed to execute their plan. A recent Fortune magazine study concluded that the majority of companies who fail do so not because of bad strategy but because of poor execution. In a survey of one thousand companies, eighty percent of the directors surveyed reported they felt they had the proper strategy but only fourteen percent thought that they were implementing them well enough and only one in three companies, in their own assessment, were achieving strategic success. The message seems clear that in order to achieve strategic success you have to effectively promote the strategic plan to those responsible for carrying out the plan, your subordinates.

This brings us to the three essential elements in meeting the organizations strategic plan:

MOTIVATIONAL LEADERSHIP – achieving sustained performance through personal growth and planning that recognizes the human dynamic. Leadership is required to not only compete effectively but also grow the business. Every employee needs to be aware of what the organizations strategy is and the importance of their job in realizing the companys’ strategic plan.

TURNING STRATEGY INTO ACTION – a phased approach, linking identified performance factors with strategic initiatives and projects designed to develop and optimize departmental and individual activities. The real need is to creatively bring the strategy to life by creating operational goals and objectives that are designed to not only meet the strategic plan but also compliment the other department’s goals and objectives as well. Once this is accomplished every unit in the organization is working together to achieve the success of the organization. To accomplish this it is necessary to identify the three important ingredients to the organizational plan and the questions that have to be addressed.

### **Intent:**

What does the strategic plan intend to accomplish?

What does our organizational plan have to contain in order to accomplish the strategic plan?

### **Action Plan:**

What do we need to create, refine & accomplish to meet the strategic objective?

When will we know we have achieved success and how will it be measured?

### **Detailed Plans:**

How will projects be led and resourced?

Who will be responsible for each task?

Are individual work plans aligned?  
What is the review process?

Following these processes can provide an outline of how to prepare your departmental goals for the purpose of assisting the organization to meet their strategic goals. Involving the right people is essential to making the correct decisions on priorities and creating action plans that are clear and attainable. The objective is for everyone in your department to understand company strategy and specifically know that what they are doing is contributing to the company goals.

PERFORMANCE MANAGEMENT – involves the building of organizational processes and capabilities necessary to achieve performance through people delivering results. Too often great plans remain just that “great plans”. Typically, energy and enthusiasm that goes into developing a great plan fades as day to day operational issues get in the way. Most organizations and their’ people respond to “fire-fighting” and reactive task scheduling instead of planning proactively to make the strategic plan a success. It’s one of the contributing factors as to why most American companies re-address their five year plan an average of every six-months if not more frequently.

To make strategic planning meaningful and not something to joke about, everyone in the organization needs to be engaged and encouraged to take action, which means:

- Communicating the strategic intent and action plans to every employee;
- Using project management principles to make necessary changes from previous years;
- Setting individual targets and work projects designed to meet the strategic priorities;
- Consistently measure progress and assessing and providing feedback about performance.

The most commonly overlooked element in achieving the company’s objectives is commonly referred to as “emotional contracting” or the “psychological contract”. This is the crucial link between the organizations intent and the motivations, values and aspirations of the employees.

It is vital that:

- Strategy is communicated to all;
- Performance is measured in real time;
- Success, regardless of significance, is acknowledged immediately.

If the employee does not have the desire, motivation or encouragement to meet the company’s’ objectives, regardless of their position, then the company will not succeed. An often repeated story illustrates this point:

A group of United States Senators were visiting the NASA space facility in Houston at a time when budget cuts were being considered. One Senator asked a man cleaning the floor “so what are you doing here?” The man answered, “I’m here putting a man on the Moon!”

How closely do your people identify and associate their own job with the company’s organizational purpose? Do your people know what the company’s goals are, and if so do they see and agree with how they fit into the company’s plans? Sadly, in many organizations, the vast majority of employees do not understand or know what the corporate aims are, let alone see themselves as an integral part of the effort. Strategic goals will not be achieved unless every employee is an enthusiastic part of the effort. All very easy to say; another thing to entirely make happen. The “Man on the Moon” statement is an example of the process necessary to turn any strategy into action, whether a team, a department or a corporation.

Every single employee must know what they are doing, why they are doing it, and above all, must be fully committed to doing everything necessary for the company to meets its strategic plan. The challenge of every department head is to turn theory into practice; make something happen; and translate strategic plans into real business results.

*David Balovich is an accomplished author and public speaker. He is presently the North Region credit manager for Holt Cat.*

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Day	Date	Group	Location	Time
Tues	6	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin TX	11:30
Thurs	8	SW Food Credit Group	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:00
Tues	13	Coastal Bend Group	Holt Cat, 1325 South Padre Island Dr, Corpus Christi TX	11:30
Wed	14	Rio Grande Group	Victoria Palms Resort, 602 N. Victoria Rd. Donna TX	11:30
Thurs	15	Austin Ad Media	Teleconference Meeting 1-800-791-2345	2:00
Fri	16	SW Electrical Group	The Onion Creek Country Club, Austin TX	11:30
Tues	20	Austin Construction	Texas Land & Cattle, 6007 N IH 35 & Hwy 290, Austin, TX	11:30
Fri	21	Victoria Credit Group	Sky Restaurant, 236 Foster Field, Victoria TX	11:30
Thurs	22	Fuel & Lube/Heavy Eq.	Teleconference Meeting 1-800-791-2345	2:30
Thurs	22	HVAC	Texas Air Products, 11122 Gordon Rd, San Antonio TX	11:30
Tues	27	SA Construction	Las Palapas, 4802 Walzem Rd, San Antonio TX	11:30
Wed	28	Laredo Credit Group	The Laredo Country Club, Laredo TX	11:30
<b>FEB</b>	<b>19</b>	<b>Business Seminar</b>	<b>The Historic Menger Hotel</b>	<b>8:30</b>

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