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## **Bonded Logistics**

### A Case Study in Making Strategic Planning Work



TheDanielGroup

***Respondents from 54% of those companies with a strategic planning process in place indicated their companies showed improved financial performance over the past three years. None of the respondents from companies with out a strategic planning process indicated improved financial performance over the past three years.***

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### ***Why Bother with Strategic Planning?***

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Business managers sometimes wonder if they should bother with strategic planning. Are there any benefits and if so, what are they?

Unfortunately, there is little research that has been done on the bottom line impact of strategic planning. To begin to answer this question, we conducted original research in 2001 that points to measurable benefits. Some of the benefits we discovered in our research are summarized below. We will also share first-hand observations from a manager who has been effectively implementing a strategic planning process over the past few years.

The distinction between a strategic plan and a strategic planning process is important. Effective strategic planning is an ongoing process of change. It is more than having a retreat and developing a document, though these may be part of the process. It is more about developing a strategic decision-making framework by which employees in a company can make decisions that are consistent with a company's vision, mission, values, and strategic objectives. As you will see from this white paper from the perspective of one business leader who started a strategic planning process in his company four years ago, there are many reasons to "bother" with strategic planning.

### ***Messages About Strategic Planning Benefits***

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In 2001, The Daniel Group conducted an original research project to understand more about how strategic planning is, and is not, being used. We wanted to understand the benefits of strategic planning from the perspective of managers. Some of the more pertinent findings were:

- Of the 48 companies represented in our survey, 25 have a strategic planning process in place. Having a planning process in place was not just confined to large companies; smaller companies were just as likely to have a planning process.
- Among companies with a strategic planning process in place, 70% have relative market positions in the first or second quartile. Among the companies not doing strategic planning, only 45% are in the top market positions. Much research has shown a positive correlation between market



***“The strategic planning process got us to thinking about the new possibilities and business we would have never dreamt as possible for us. We now look ‘outside the box’, get out of day-to-day operations, and get above the curve through our planning process.*”**

Scott Carr, President  
Bonded Logistics

position and profitability. While it is not clear from this research whether stronger market position is a result of doing strategic planning or whether planning is typically a practice done by companies with strong market positions, it does highlight a noteworthy connection.

- Respondents see strategic planning as important to their businesses. The average rating for the importance of strategic planning was 9.4 (10 being very important to the business).
- Managers in companies with a strategic planning process in place tended to rate their company’s financial performance relative to competitors more strongly than managers in companies without a planning process.

Some of the findings from this research are intriguing. Managers perceive benefits from strategic planning. They see the process as important to their businesses. The stronger the relative market position, the more likely a company is to have a planning process in place. The connection between stronger market position and profitability has already been established.

There appear to be business reasons for having an effective strategic planning process. What do managers say about strategic planning? Let’s hear from one.

### ***Bonded Logistics***

Bonded Logistics is a family-owned and operated business. It was founded in 1972 by Jim and Robin Carr to provide public warehousing services to businesses. Later, their two children, Scott and Barbara, came to work in the company. The company was successful and grew modestly through the 80s and 90s.

In 1998, they decided to start a strategic planning process. According to Scott, who became president in 2001, “we were letting the business run as opposed to us running the business. We were focused more on the day-to-day issues. We ran the business with no planning on how we would move the company forward. We were completely reactionary.”

Since 1998, this company has continued its strategic planning process. Annually, all managers participate in the process to review and update the



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company’s strategic plan. Senior managers meet frequently to update the plan and review strategy implementation.

From Scott’s perspective, having a strategic planning process has changed the company in several important ways. They:

- ***Created a business advisory board.*** The Carr family started an advisory board in 2001. The board is made up of family members and three outsider members. It meets quarterly, reviews operating performance with management, and helps the family members solve problems. According to Scott, “the advisory board brings an objectivity. It also brings in different talents that our company doesn’t possess. We get new ideas on ways to approach problems. I would recommend that family-held businesses consider establishing an advisory board. It is well worth it.”
- ***Strengthened the management team.*** Bonded’s management team was quite effective at taking care of daily problems and issues. However, it needed strengthening in several areas. Scott Carr indicated that “having a plan in place caused us to see the need to strengthen our team. We hired a vice president and a customer service manager, which came from us taking a more strategic approach to our business. These people add new capabilities and new perspectives that will help our business grow.”
- ***Created ability to manage more complex business.*** Since 1998, Bonded’s business has changed. The company is now focused on larger, longer term, and more complicated accounts. “The strategic planning process helped us see our business in realistic terms and helped us identify the changes we needed to make to become better able to handle this business complexity,” according to Scott.

#### ***Bottom Line Impact***

While we cannot share specifics about the financial performance of Bonded, the financial changes have been impressive. Sales have doubled since 1998, which is much faster than the four years before 1998. The profitability has improved even more than sales. The company is poised to grow. A brand new



warehouse has been added in Charlotte and management is actively pursuing new business opportunities in areas outside of Charlotte. The company just achieved its ISO certification. New opportunities are constantly being presented. Scott Carr advises companies that do not have a planning process to get one. According to him, "it comes down to looking at where you are and where you have been and developing a vision for the future. We decided that having an effective strategic planning process was the way we could decide what kind of company we wanted to have in the future. We made that decision and we are now in the process of making it reality."

*Focus on Change* is an informational paper developed by The Daniel Group. These papers are designed to describe how the strategic planning and market research services of the firm are applied to improve the performance of a client organization or to discuss issues of importance to middle market companies.

For more information about The Daniel Group's strategic planning and research consulting services, call **(704) 367-4242** or contact us via e-mail at [information@thedanielgroup.com](mailto:information@thedanielgroup.com) or visit our website at [www.thedanielgroup.com](http://www.thedanielgroup.com).

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