

ASA 2017 ANNUAL CONFERENCE

GEORGE J. RINGGER

HOW TO ESTABLISH A MISSION,
A VISION, AND
A STRATEGIC DIRECTION
FOR AN AVIATION DISTRIBUTOR

G. RINGGER CONSULTING, INC.

*Celebrating 38+ years in the
aerospace/aviation industry!*

*Providing Engineering, Quality System, Training,
Airworthiness, and Business Development
Services to the aviation industry*

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THE CANOE THEORY

- Think of your organization as a long canoe
- The canoe has a destination
- There are no passengers in the canoe
- Everyone in the canoe has a seat and a paddle
- Everyone is expected to paddle
- Those unable to paddle are taught how to paddle
- Those unwilling to paddle have to get out of the canoe
- Those preventing others from paddling have to re-adjust or get out of the canoe
- Those paddling out of unison have to re-adjust or get out of the canoe
- The canoe theory understands crisis
- The canoe theory says you have the right to be happy

Group Activity #1

In your handout, place the following terms in their proper sequence

Mixed up

- Management
- Goal
- Vision
- Measure
- Strategy
- Plan
- Mission

In Order

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.



Group Activity #1

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In Order

1. Vision
2. Mission
3. Strategy
4. Goal
5. Plan
6. Measure
7. Management



The Strategic Management Framework

1. Scanning

- Where are we now?
- Understanding the Context of the Organization

2. Strategy Formulation

- Where do we want to be?

3. Strategic Direction

- Where do we aim?

4. Strategy Implementation

- How do we get there?

5. Measurement/Performance

- How do we measure our progress?

Why Scan?

- To know our position in the business environment
- To respond effectively to change
- To see our organization as a whole
- To avoid 'surprises'
- To survive
- To lay the foundation for formulating a strategy

Scanning - Where are we now?

Let's look at ...

- Our Interested Parties
- Our Internal / External Issues (SWOT)
- Our world around us (Macro Analysis: (STEP; PESTEL, etc.)

Interested parties – a partial List

Consider both internal and external interested parties.

- Shareholders
- Owners
- Management
- Employees
- Trade unions
- Government agencies
- Customers
- Suppliers
- Media
- Society
- any other interested parties.

Internal Issues – a partial List

- Product and service offerings;
- Organizational structure, roles, accountability;
- Policies, goals, and strategies, Standards, guidelines;
- Assets (e.g., facilities, property, equipment and technology);
- Capabilities (e.g., capital, time, people, processes, technologies);
- Information systems;
- Workforce stability / retention;
- Contractual relationships.
- Credit terms available

External Issues – a partial List

- Political, economic, social, technological, legal and regulatory;
- Competitive environment
- Customer expectations;
- Standardization and certification within the industry;
- Impact on community.
- Increasing Global Trade
- Currency Exchange Rates
- Trade agreement uncertainty (NAFTA, EU, Brexit., etc.)

GROUP ACTIVITY #2

In your handout, list 3 internal issues and 3 external issues that could impact your business.

- Internal issues : _____ , _____ , _____
- External issues : _____ , _____ , _____



Macro Analysis Tools that can help with scanning

STEP Approach

- **S**ocio-Cultural
- **T**echnological
- **E**conomic
- **P**olitico-Legal

PESTLE Approach

- **P**olitical
- **E**conomic
- **S**ocial
- **T**echnological
- **L**egal
- **E**nvironmental

Socio-Cultural Variables

- Lifestyle Changes
- Career Expectations
- Regional Shifts in Population
- Life Expectancies
- More women in workforce
- Greater concern for fitness
- Postponement of family formation
- Increase in temporary workers
- Agro-urban migration (e.g. Iowa; Wisconsin)

Technological Variables

- Federal Spending for R&D (e.g. grants)
- Industry Spending for R&D
- Focus of Technological Efforts
- Patent Protection
- IT Communications
- Productivity Improvements
- Engineering technologies
- Meta-data capture & analysis

Economic Variables

- GDP Trends
- Interest Rates
- Money Supply
- Inflation Rates
- Unemployment Levels
- Wage/Price Controls
- Energy Availability & Cost
- Disposable & Discretionary Income
- E.S.G. Ratings

Political-Legal Variables

- Antitrust Regulations
- Tort Reform
- Environmental Protection Laws
- Taxation at local, state, federal levels
- Hiring and Promotion Laws
- Americans Disabilities Act of 1990
- Sarbanes-Oxley Act of 2002
- EASA MAG-6

GROUP ACTIVITY #3 STEP EXERCISE

In your handout, under each category list 3 STEP variables that could impact your business.

- **Socio-Cultural** _____ , _____ , _____
- **Technological** _____ , _____ , _____
- **Economic** _____ , _____ , _____
- **Politico-Legal** _____ , _____ , _____



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2. Strategy Formulation

Where do we want to be?

- a) Our **Vision** (Future State)
- b) Our **Mission** (Current State)
- c) Our **Values** (Our Guiding Principles)
- d) Our **Goals** (objectives)

a) Our Vision

Is an attractive, ideal future that is **credible** yet not readily available

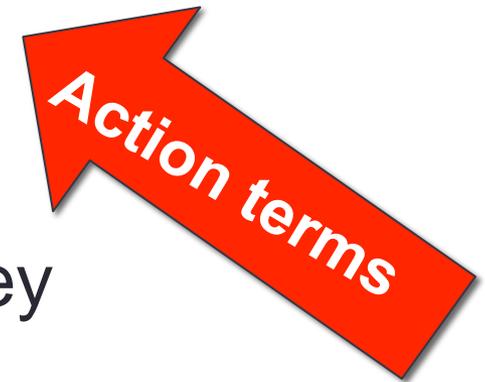
Many aviation distributors have never taken the time to set a vision, and others are vague.

Example of a vague vision statement:

“To be a superior leader is aviation distribution.”

A Vision's Purpose is to..

- **Link** the present to the future
- **Energize** people and gains commitment
- **Give** meaning to work
- **Establish** a standard of excellence and integrity
- **Have** a broad appeal
- **Encourage** faith and hope
- **Reflect** high ideals
- **Define** the destination and the journey



Components of a Vision Statement

- Core ideology:
 - Core **Values** - guiding principles
 - Core **Mission** (Purpose) - reason for being
- Envisioned future:
 - clearly articulates a 'future state' of being
- Recognition of service to stakeholders:
 - Owners/creditors
 - Employees
 - Customers

Examples of Vision Statements

Ben & Jerry's:

Product: “To make, distribute, and sell the finest quality all natural ice cream and related products in a wide variety of innovative flavors made from Vermont dairy products.”

Economic: “To operate the Company on a sound financial basis of profitable growth, increasing value for our shareholders and creating career opportunities and financial rewards for our employees.”

Social: “To operate the Company in a way that actively recognizes the central role that business plays in the structure of society by initiating innovative ways to improve the quality of life of a broad community: local, national, and international.”

Examples - Vision Statements – Good or Bad.... You decide!

- **Satair Group Vision**

“In 2017, Satair Group will be the global leader in the material management business and will deliver integrated services for all civil aircraft types. Specifically for Airbus customers, Satair Group will provide exclusively the best materials management after sales part support.”

Motorola: - "Our history is rich. Our future is dynamic. We are Motorola and the spirit of invention is what drives us.”

Boeing

“Best in Aerospace and Enduring Global Industrial Champion.”

The game of Golf

1. **Vision:** Be a better recreational golfer
2. **Mission:** ???
3. **Goal:** ???
4. **Strategy:** ???.
5. **Plan:** ???
6. **Measure:** ???
7. **Management:** ???

GROUP ACTIVITY #4 VISION EXERCISE

In your hand-out, briefly write down your company's Vision Statement.

If you don't have one, give it a shot!



b) Our Mission

Is our organization's core broad purpose and reason for existence.

- What is our purpose?
- Describes our 'current state'
- Timeline is typically 3-5 Years
- Builds on our distinctive competencies
- Tends to focus on our core business
- 30-35 Words in length

A vaguely defined Mission Statement for an Aviation Distributor

A weak Mission Statement:

- Provide products and services to aviation customers.

Mission Statements

The mission statement is normally short, to the point, and contains the following elements:

- Provides a concise statement of why the organization exists, and what it is to achieve;
- States the organization's purpose and identity;
- Defines the organization's values and philosophy;
- Describes how the organization will serve those affected by its work.

Mission Statement Examples

Satair Mission “We deliver innovative and world-class solutions within the parts management business and we develop extended distribution and parts support services to every unique customer and supplier in the global aerospace value chain.”

Motorola "We are a global communications leader powered by a passion to invent and an unceasing commitment to advance the way the world connects. Our communication solutions allow people, businesses and governments to be more connected and more mobile.”

Boeing “Connect, Protect, Explore and Inspire the World through Aerospace Innovation”

The game of Golf

1. **Vision:** Be a better recreational golfer
2. **Mission:** To play recreational golf in an enjoyable yet competitive manner.

1. **Goal:** ???
2. **Strategy:** ???
3. **Plan:** ???
4. **Measure:** ???
5. **Management:** ???

GROUP ACTIVITY #5 MISSION EXERCISE

In your hand-out, briefly write down a Mission Statement describing your company's current state.

If you don't have one, give it a shot!



Vision vs. Mission

The **vision** is more broad and future oriented – the goal on the horizon

- The **mission** is more focused – is a brief description of a company's fundamental purpose. It answers the question, "Why does our business exist?"

Example - Dominos Pizza

Vision:

Number 1 in People; Number 1 in Pizza.

Mission:

Sell more pizza, have more fun!

c) VALUES

- Guiding Principles
- Help establish Culture
- Part of Preserving the Core
- Core Ideology
- Corporate Ethical Behavior
 - Organizational Ethics
 - Individual Ethics
 - Personal Values

Value Example - Boeing

Enduring Values “At Boeing, we are committed to a set of core values that not only define who we are, but also serve as guideposts to help us become the company we would like to be. And we aspire to live these values every day.”

- Integrity
- Quality
- Safety
- Diversity & Inclusion
- Trust & Respect
- Corporate Citizenship
- Stakeholder Success

Value Example - Dominos Pizza

- Treat people as you'd like to be treated.
- Produce the best for less.
- Measure, manage and share what's important.
- Think big and grow.
- Incentivize what you want to change.
- Set the bar high, train, never stop learning.
- Promote from within.
- We are not ordinary, we are exceptional.

GROUP ACTIVITY #6 VALUES EXERCISE

In your hand-out, briefly list 3 core values your company professes:

Values: _____ , _____ , _____



d) Our Goals / Objectives

- Supports the **Mission**
- Aligned with with **the strategic direction**
- Answer the questions:
 - What is to be accomplished? When?
- Should contain the SMART² Goal™ Elements:
 - Specific & Strong
 - Measurable & Motivating
 - Assignable & Actionable
 - Results-Oriented & Realistic
 - Time-based & Tangible

Goals = Results from actions

The key word here is “action”.

Use verbs to describe what you are trying to accomplish.

Examples

“double” – strong vs “increase” - weak

“capture” – strong vs “improve” - weak

SWOT Analysis – Aviation Distributor

S Strengths

Advantages: Can react quickly to customers needs
Experience: 40+ years
Unique characteristics: Offer exchanges
Resources: In-house inventory; offer B2B listings
Geographic / location advantage: Located in US
Competence, capabilities: strong technical knowledge of product-line
Quality, reputation: Strong reputation of owner; strong QC

O Opportunities

Strategic alliances, partnerships: Form European & Asian partner
Product development: Expand marketing of common inventory between early Gen 737 & New Gen 737 ; 767-200 & 767-300/-400
Import, export: Match inventory with international demand;
Innovation & technology development: increase social-marketing platforms for better customer interactions

W Weaknesses

W



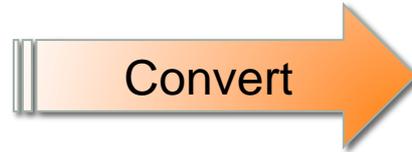
Disadvantages: Inventory limited to early Gen 737 & 767;
 Majority of sales from just 1 large US airline and 3 MROs.
Gap in experience, knowledge: Knowledge resides in only a few key employees who are approaching retirement.
Financial aspects: Limited funds for new inventory purchases.
Reliability and trust: High RMAs
Loss of key staff: Hard to find affordable new-hires
Geographical factors: Operate out of single US location.
Quality, reputation: No 3rd party QMS Accreditation

T Threats

Customer base: Large US airline customer plans to retire 737s and replace with Airbus.
Loss of alliances and partners: Major MRO customer in financial difficulty
Price inflation/deflation: Competitor airframe & engine Teardowns are depressing current inventory value
Strong competition: New Competitor startups in US & Europe offering new products and innovation

AN EXAMPLE

SWOT ANALYSIS
Negative factors

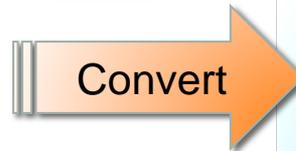


Weaknesses
Disadvantages: Inventory is limited to early Gen 737 & 767; Majority of sales from just 1 large US airline & 3 MROs.



New Strength
Customer base: Increase customer base
Inventory: Expand inventory Platforms

Weaknesses
Gap in experience, knowledge: Knowledge resides in only a few key employees who are close to retirement.

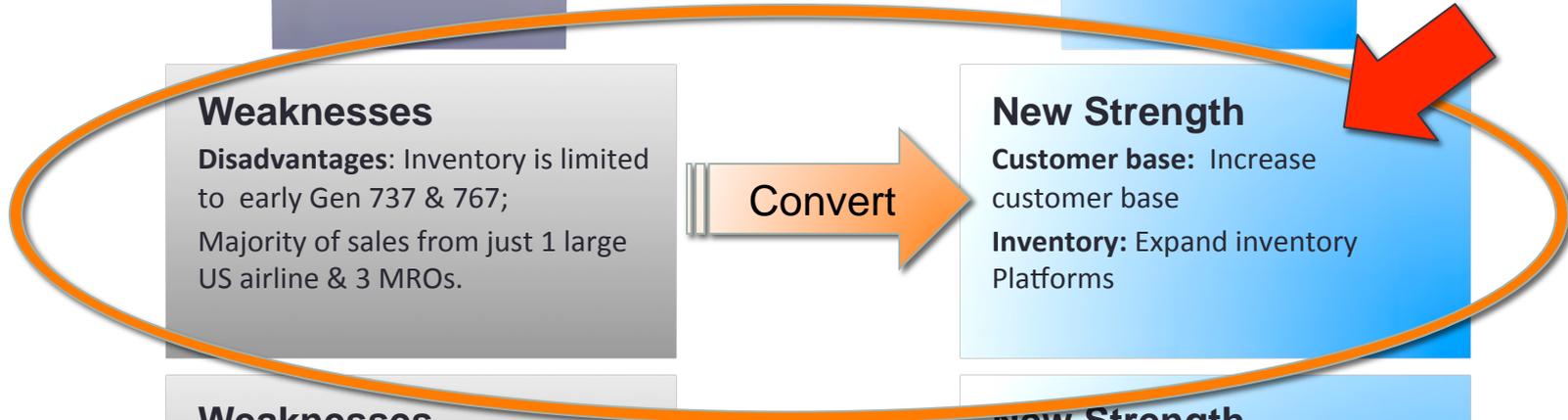


New Strength
Gap in experience, knowledge: Develop strategy to transfer knowledge to less experienced employees

Weaknesses
Geographical factors: Operate out of single US location.



New Strength
Strong competition: Focus on US & int'l market. Develop technology to create an international presence



Example –
Un-smart Goal for an Aviation Distributor:
“Increase customer base”

Managed?

S: Specific ✗

M: Measurable ✗

A: Assignable ✗

R: Results Oriented ✗

T: Time-Based ✗

Inspiring?

S: Strong (bold) ✗

M: Motivating ✗

A: Actionable ✗

R: Realistic ✗

T: Tangible ✗

SMART² Goal™:

“Marketing to add 2 new airlines & 1 MRO customer as repeat-customers by 3rd Qtr 2017. Progress to be reported to the VP Marketing on a bi-monthly basis.”

Managed?

- S: Specific ✓
- M: Measurable ✓
- A: Assignable ✓
- R: Results Oriented ✓
- T: Time0Based ✓



Inspiring?

- S: Strong (bold) ✓
- M: Motivating ✓
- A: Actionable ✓
- R: Realistic ✓
- T: Tangible ✓

Change the way you think!

In terms of...

Your role

VS

Your goal

- Traditional Approach
 - Your Role = to sell
- 10% more than last year.



- Smart² Approach
 - Your role = satisfy **goal**

Develop a **strategic direction that includes:**

- ✓ Selling – to current customers;
- ✓ Capturing – new customers;
- ✓ Solving - customer problems;
- ✓ Launching– new product families;
- ✓ Building - Business relationships

The game of Golf

1. **Vision:** Be a better recreational golfer
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3. **Goal:** Improve my handicap from +24 to +12
4. **Strategy:** ???
5. **Plan:** ???
6. **Measure:** ???
7. **Management:** ???

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What is a Strategic Direction?

Is a direction you move from your 'present state' (**mission**) toward your 'future state' (**vision**).

Setting a strategic direction is not the output from planning, but the opposite. It's the starting point.

“Planning doesn't produce strategy - it produces plans.”

Henry Mintzberg

Strategic Direction - Maturity

Where are we today?

Where do you want to be?

By when?

**SM = STRATEGIC
MANAGEMENT**

Level 1- Strategy Blind
<u>Goals</u> The strategy is a well-guarded secret
<u>SM</u> SM is viewed as a headache

Level 2- Strategy Aware
<u>Goals</u> Company strategic goals are well communicated at a high level.
<u>SM</u> Simple forms automation. SM is an event vs a process

Level 3- Strategy Aligned
<u>Goals</u> Managers & employees set goals & competencies & track progress.
<u>SM</u> SM is an ongoing process. Managers track progress toward goals & have development plans to achieve them

Level 4- Strategy Connected
<u>Goals</u> Employees have clear line of sight to corporate goals. Managers & executive can track progress toward achievement.
<u>SM</u> SM process is continuous & optimized. SM is linked to the system. SM becomes a predictor of success.



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4. Strategy Implementation

Putting strategy into action by adjusting various parts of the organization and directing resources to accomplish strategic goals

- Everyone is Responsible
- Few Guidelines
- No Easy Step-by-Step Checklist to Follow

Strategy - Definition

Strategy... It is a summary of how the company will achieve its goals, meet the expectations of its customers, and sustain a competitive advantage in the marketplace.

Types of Strategy

- **Competitive Advantage** – something which gives the organisation some advantage over its rivals
- **Cost advantage** – A strategy to seek out and secure a cost advantage - product costs, labor costs, etc.
- **Market Dominance** -
 - Internal growth
 - Acquisitions – mergers and takeovers

Types of Strategy (continued)

- **New product development:** to keep ahead of rivals
- **Contraction/Expansion** – focus on what you are good at (core competencies) or expand into new markets.
- **Price Leadership** – through dominating the industry – others follow your price lead
- **Global** – seeking to expand global operations
- **Reengineering** – Seeking news ways of doing things to improve performance

Types of Strategy (continued)

- **Downsizing** – selling off unwanted parts of the business
- **Vertical-to-Horizontal Structure** – flattening the management structure, removing bureaucracy, speed up decision making
- **Restructuring** – complete re-think of how the organization is organised

The game of Golf

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4. **Strategy:** Reduce large fluctuations in my score.
5. **Plan:** ???
6. **Measure:** ???
7. **Management:** ???

Planning

- **Consistent with our Vision**
 - Communicating to all staff where the organisation is going and where it intends to be in the future
 - Allows the firm to set goals
- **Supports our Goals / Objectives:**
 - the way in which you are going to achieve the aim
- **Designed to executes our strategy**

Strategy vs. Plan

Strategy... It is a summary of how the company will approach achieving its goals, meet the expectations of its customers, and sustain a competitive advantage in the marketplace.

Plan... a business's methodology undertaken to achieve them.

The game of Golf

- 1. Vision:** Be a better recreational golfer
- 2. Mission:** To play recreational golf in an enjoyable yet competitive manner.
- 3. Goal:** Improve my handicap from +24 to a +12
- 4. Strategy:** Reduce large fluctuations in my score.
- 5. Plan:** Improving my “short game” via:
(a) Weekly golf lessons, (b) increased practice,
(c) consistently playing at least once a week.
- 7. Measure:** ???
- 8. Management:** ???

The Strategic Management Framework

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4. Strategy Implementation

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5. Measurement/Performance

- How do we measure our progress?

5. Measurement & Performance

Why do we measure our progress?

- Government Intervention
- Fewer Resources and Smaller Budgets
- Increased Demand for Accountability
- Makes us more responsive to public needs
- Provides feedback on mission accomplishment
- Creates blueprint for linking budget to outcomes
- Good management and good public policy

Measurement / Performance

5 Types of Measures:

- Input
- Output
- Outcome (effectiveness)
- Quality
- Efficiency

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5. **Plan:** Improving my “short game” via:
 - (a) Weekly golf lessons,
 - (b) increased practice,
 - (c) consistently playing at least once a week.
6. **Measure:** Measure fluctuation by tracking golf strokes per hole using an R-Chart graph.
7. **Management:** ???

PUTTING IT ALL TOGETHER!

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5. **Plan:** Improving my “short game” via:
 - (a) Weekly golf lessons,
 - (b) increased practice,
 - (c) consistently playing at least once a week.
6. **Measure:** Measure fluctuation by tracking golf strokes per hole using an R-Chart graph.
7. **Management:** Pay for lessons; schedule practice time; reserve weekend tee-times well in advance, review KPIs with Golf Pro.

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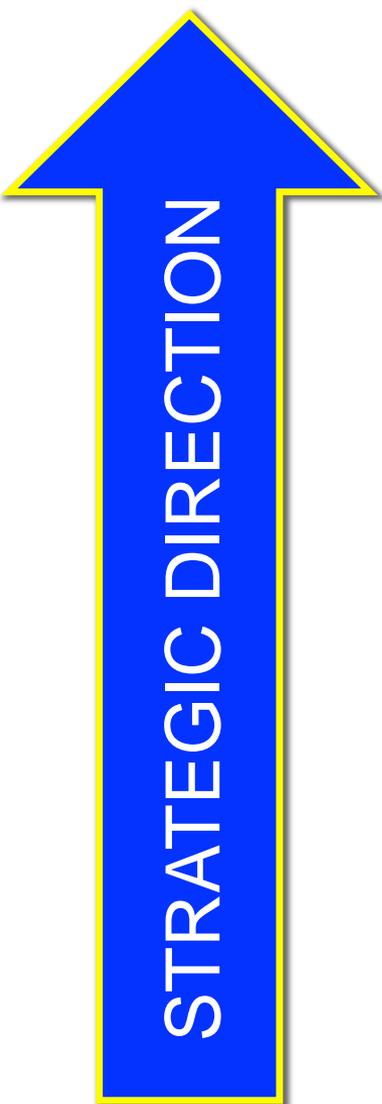
- Where do we aim?

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What we want to be

Why we exist

Our game plan

What we accomplish

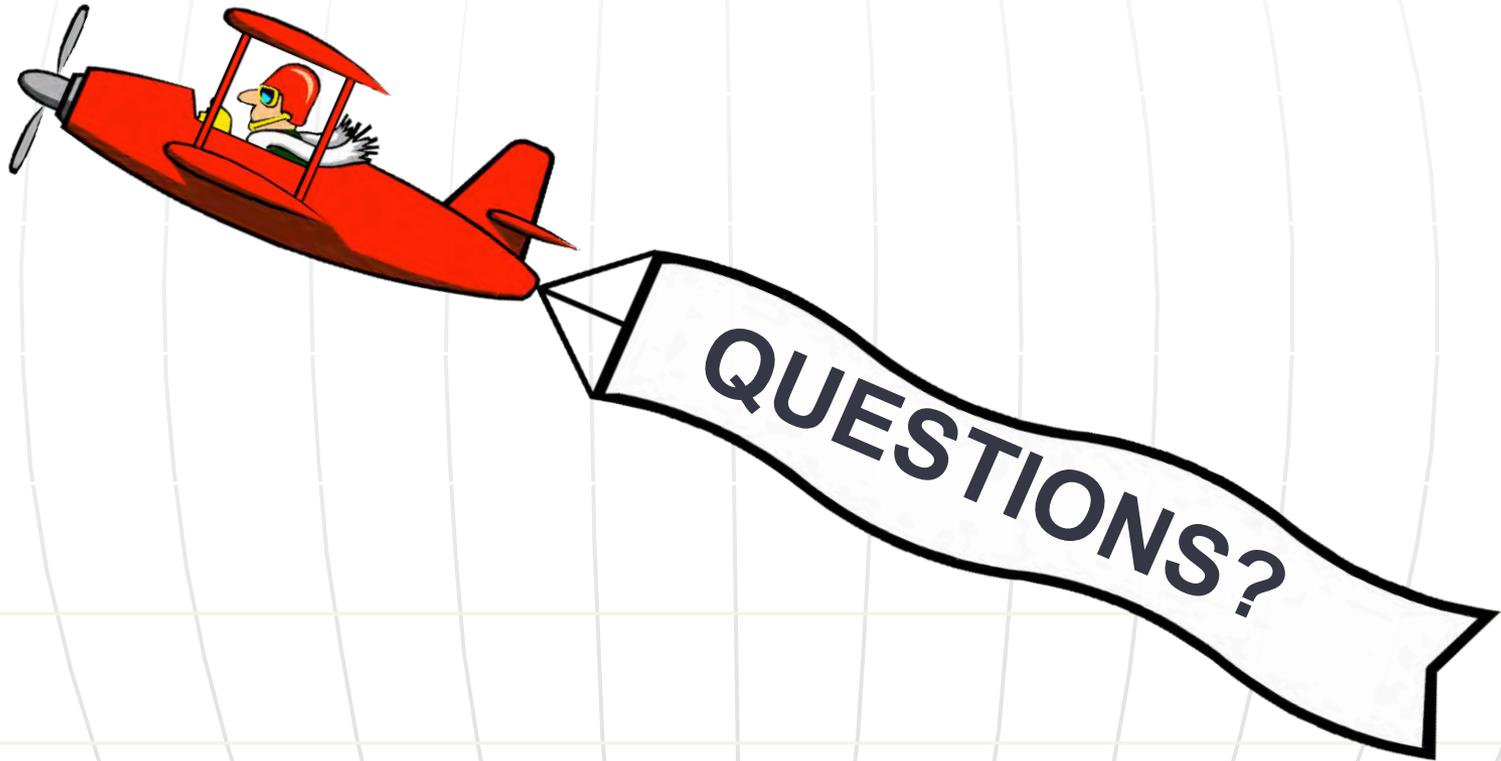
How we accomplish

What we measure

What we must improve

How we manage

THE END



Thanks for attending!

and remember...

“To stop learning.... is to stop living.”

George J. Ringger

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