



BUSINESS PLANNING

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A good business plan should tell the reader where your organization came from and where it is going. Specifically, it should call out the goals of the organization and the specific steps detailing how you plan to achieve those goals. It is important that these steps (interim objectives) are clear as to timing and who is accountable for completing each one.

Foundational Elements

This group of the elements of any strategic plan is intended, as the name implies, to lay the foundation for any shifts in the cultural paradigm and action plans. It gives us a starting point in the case of the S.W.O.T. Analysis, Core Competencies, Market Scan and Current Market Position. It is a glimpse of the future and our ultimate goals as in the case of the Vision Statement and our Goals and Objectives. Perhaps most importantly, it provides both a set of directions and a filter through which we style and configure our behavior and decision-making processes as we advance toward our goals. This part of the plan is contained in the Corporate Values, Mission Statement, Planned Market Position and Action Plan sections.

Cultural Elements

This part of the plan is perhaps the most important. It is only addressed briefly herein. However, it is imbued throughout this document and in the activities and changes it will spawn. Corporate culture typically deals with a company's management style, inter-company communication, planning activities and motivating factors behind employee and management decisions and actions. We will be unusually intentional about addressing positive styles that, if adopted, will push us toward our goals faster and smoother. We will also be candid about addressing styles which we may still have a fondness for, as a part of our past, but which no longer push us in the direction of our goals. It cannot be stressed enough how important it is that our management adopt and embrace this "changed" culture. Management needs to become intentional about its behavior and thought processes. Good management leads by example.

Action Elements

This is the real meat of any corporate strategic business plan. Although the foundational and cultural elements of a business plan tend to be somewhat tedious, they are absolutely essential in applying our individual or collective thought process to each task. Our action plan uses a database or spreadsheet format, it can easily be split-up to a responsible individual level. In this way, each person has only the number of tasks that they can manage. The individual tasks within the plan all relate back to achieving one of the major goals that have been set for the company. In addition, each major goal relates to one of the company's critical areas of concern called Strategic Issues. Some of these issues include increasing our revenues and profitability,

company image, quality of our workplace environment, and improving and increasing information about our business for management.

MISSION STATEMENT

A company's mission statement informs outsiders, and reminds insiders, what business they are in. It should be as simple and concise as possible. As a result of numerous meetings with our employees and managers, we believe that the following statement accurately reflects the business of [Company Name]:

STRATEGIC VISION

A statement of corporate strategic vision lets everyone know just where the company's management wants to be five to ten years down the road. It is very difficult to navigate to a specific location if you don't know where it is. The following word picture describes where the management and employees of [Company Name] want to be:

CORE VALUES

Often misunderstood, core values are essentially a filter through which all corporate decisions, plans, policies, operations, goals and objectives must pass. Try to have at least four and no more than five or seven.

CORPORATE OVERVIEW

This includes the background on the organization such as:

- BOARD OF DIRECTORS
- HISTORY
- CORPORATE MANAGEMENT
- ORGANIZATIONAL CHART

STRATEGIC RELATIONSHIPS

In order for [COMPANY NAME] to be successful, the Company must seize upon certain key relationships that have been developed over the years. These relationships need to be fostered and expanded to the fullest extent possible in order to maximize the company's potential for success. Success has a feedback effect from the customer, to the salesman, to the company, to the manufacturer.

- **Customers**

Our customers are the most valued part of our business. Without them we would not be in business. Without the number of customers increasing each month, we will lose market share in an ever-increasing marketplace. Like a vegetable garden that provides our only source of food, we must constantly nourish this most valuable resource.

- **Employees/Associates**

We spend the majority of our waking hours with our work associates. Aside from the fact that the quality of these relationships has a significant impact on profitability, we, of course, wish this time to be as pleasant as possible. Having common goals will aid in a teambuilding process. A common understanding of our current situation and the factors affecting it is also very important if we are to think and work like a team. Remember, in terms of job satisfaction and many other types of rewards, employees, owners and managers are in the same boat. The most important factor affecting job satisfaction and team effectiveness is arguably having a shared common goal!

- Other Strategic Partner

- Financial Partners

Of course, we will always need a financial partner to fund any leveraged portions of our business and to fund our customers' purchase of our products. It is important to align with lenders who have our long-term interest in their thought process. A good corporate banker should be able to look at our financial statements and provide insightful and useful information. It is important to always maintain an open, and well used, channel of communication between management and our lender.

- Industry/Trade Organizations

Often overlooked, these organizations can be a very good source of referrals. To the extent to which we are actively involved with them, they also serve to bolster our integrity and professionalism within the industry. Each year we should identify the valuable associations, which we are eligible to join, select a representative from our organization and decide on our goals within the organization.

S.W.O.T. ANALYSIS

Simply list the following with as many stakeholders as possible in a freestyle brainstorming session. Later come back and clarify combine and rank the items in each section.

- STRENGTHS
- OPPORTUNITIES
- WEAKNESSES
- THREATS

*Give people
information
to act; then
look for
magic to
happen!*

SITUATIONAL ANALYSIS

A Situational Analysis is essentially an environmental scan to see what is currently happening in your industry and what might be lurking on the horizon. Just as any animal in the wild must stay constantly vigilant while foraging for food, we must constantly be aware of what situations and/or events (that can impact us) are occurring now, or may occur in the future. We must consider direct or indirect, real or imagined events.

- ECONOMIC
- COMPETITIVE
- OTHER MAJOR ENVIRONMENTAL INFLUENCES

CORE COMPETENCIES

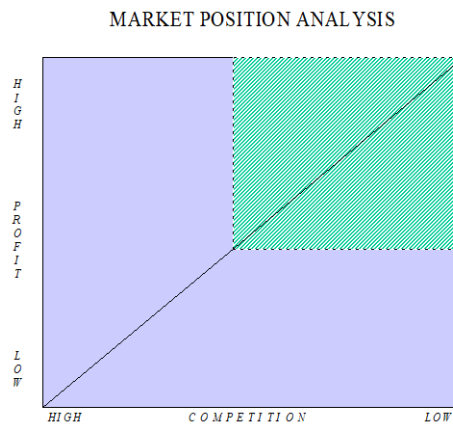
A core competency is basically saying "what we do best." This competency, or strength, is what we should leverage our areas of business growth and profit from. These are the parts of our business we should advertise and tell the world about. It is likely that we perform in these areas better than our competitors.

STRATEGIC ISSUES

Strategic issues are defined as those general and important areas that require attention in order for the company to achieve its long-term vision. Hence, goals and objectives should be a subset of these strategic issues. Typically, goals, objectives and tasks that do not fall under one of these strategic issues are not truly important and may not help the company achieve its long-term vision.

MARKET POSITION

This deals with where the output from your organization lies with respect to customers and competition. The more qualitative and quantitative aspects of your output (products, service, information) that you analyze the more you will understand your business and the more opportunities you will have to improve revenues (top line growth). These positioning aspects of your business can be graphically represented as follows:



GOALS & OBJECTIVES

Goals and objectives, to the extent possible, should be agreed upon by all stake holders in order to achieve a higher level of buy-in. The best way to analyze and prioritize them is through the use of a six or seven column table as shown below.

| <u>Strategic Issue</u> | <u>Goal</u> | <u>Objective</u> | <u>Task</u> | <u>Start/Due</u> | <u>Champion</u> |
|--|--|--|---|--|---|
| General and important area necessary to achieve vision | Long-term objective. Typically between 12 and 48 months. | Annual steps necessary to achieve goals. | Short-term steps necessary to achieve annual objectives | Two dates for each task, objective and goal. | Each task, objective, goal and strategic issue should have an accountable person. |

CULTURAL ISSUES

A company’s culture comes largely from the paradigm shared by management. A paradigm is a belief system, an individual or company’s’ internal “map” of the world. In other words, management perceives the world in a certain way and then treats its employees accordingly. The paradigm of a management team at any given time may not be the most effective style of leadership for a company’s employees and within its competitive marketplace. This section addresses positive changes in our behaviors as they are shaped by our view of the world.

First we must decide upon those culture/management styles that no longer serve our interests. After we identify them, we need to make a concerted effort to either eliminate them or replace them with cultural styles that will bring us closer to our goals.

For Example:

Cultural Styles To Be Left Behind

- Distrust of employees by management
- Distrust of management by employees
- Paranoia as a standard reaction to interpersonal situations
- Management styles defined by a strong desire to maintain control
- Staying “inside the box”, where we have always been, because it feels safe
- Assuming that certain employees are indispensable
- Resting on the laurels of our name and past reputation
- Allowing goofing-off and group discussions instead of hard work
- Not requiring individual accountability for tasks or areas of operations
- Running the business by “feel”
- Avoiding a professional management style in lieu of seat of the pants management
- Lack of consequence for poor work ethics or behavior

Empowerment means you have freedom to act; it also means you are accountable for results.

Corporate Culture Expectations

- A team approach to our daily activities
- Constantly check to make sure our actions bring us closer to our goals
- Sharing of performance information about the company with all employees
- Help each other to understand the business
- Build trust through sharing
- View mistakes as learning opportunities
- Break-down hierarchical thinking; help people to behave as owners
- A shared corporate vision, between management and staff
- A positive approach to every problem
- Stretch a little more to achieve small goals/tasks along the way
- Have a genuine concern for fellow teammates
- Treat others as you would like to be treated
- Tolerate no internal gossip about other teammates
- Do not seek self-adulation, rather, seek to lift others up
- Know and understand our annual strategic business plan
- Believe in each other and in our mission
- Enable personal growth by empowering others through delegation
- Management should understand each employees personal goals to make sure that individual goal are in line with corporate goals

EVALUATION & FOLLOW-UP

The follow-up and measurement of your progress is where you will demonstrate your dedication to following a plan and achieving your goals. If the plan is too difficult to allow you to easily measure progress and regularly (monthly or quarterly) follow-up, then it is doomed to failure. The follow-up and the plan itself go hand-in-hand to keep you on the path to your goals. The following are only suggestions and ideas of ways to measure your progress.

FORUMS & AGENDAS

| Meeting Name | Scheduled | Purpose | Members |
|--------------------------------|-----------|---|---------|
| Employee Information Meeting | | To obtain input from every member of our team and to pass along information about Company progress. | |
| Operations Committee | | To discuss day to day issues affecting the company immediately | |
| Executive Management Committee | | To discuss strategic initiatives and progress on our annual business and action plans. | |
| Owners Meeting | | To discuss policy issues, capital expenditures, personnel issues, financial condition, strategic plan progress and direction. | |
| Board Meetings | | To report on financial condition, strategic direction, market trends, management and Board positions. | |
| Strategy Team Meeting | | These annual strategic planning meetings provide the nuts and bolts input to our annual business plan. This group helps to drive the company forward in the direction of our goals. | |
| Off-site Management Retreat | | This forum is basically a relaxed strategic planning meeting designed as a pre-cursor to the annual strategic planning meetings. | |

BENCHMARKS & REPORTS

| Measurement | Frequency | Purpose |
|-----------------------------------|-----------|---|
| Flash Sheet | Daily | Key business metrics that can be measured and assessed daily. It should be reflective of daily cash and operations benchmarks |
| Cash plan | Weekly | To indicate sources and uses of cash. It should contain a summary page and a detailed plan for paying all payables. |
| Comparative Profit and Loss Stmt. | Monthly | Shows trends in areas of income and expense |
| Comparative Balance Sheet | Monthly | Shows trends in areas of major assets and liabilities of the company |

| | | | |
|--------------------------------|---------|--|------------|
| Salesmen's Profitability Stmt. | Monthly | Demonstrates which salesmen are generating material profits for the Company and which one are not | |
| Departmental Profitability | Monthly | Will allow management to determine which areas of the company produce a profit and which ones do not | |
| Branch (3) Profitability | Monthly | Nets actual and allocated overhead against gross profit which will give a true picture of branch profitably | Accounting |
| Sales Pipeline | Monthly | Forecasts future sales which will allow us to predict cash flow and sales force effectiveness | Accounting |
| Salesmen's Call Itinerary | Weekly | Requires salesman to maintain discipline in planning the weeks activities and allows management to assist in helping to focus a salesman's calling program | |
| Sales Call Activity/Comments | Weekly | This "call report" saves the important details of significant meetings for future reference by the salesman and at the same time, keeps management abreast of sales progress | Accounting |
| Accounts Payable Report | Weekly | Allows management to select the general order and amount of bill payments. | Accounting |
| Accounts receivable Report | Weekly | Allows management to determine the status of our collection effort | Accounting |

CONCLUSION

This may be your company's first attempt at formal strategic planning. Along with its value as an exercise to help you learn about your company and industry a little better, it also represents a real opportunity to have a significant impact on the future of the company. As you have seen, if we focus on our strengths, guard against threats and plan our work, we can truly achieve our vision.

The following items are the main issues you might want to concern yourself with as you go through this process:

- Paint a realistic vision
- Lay down an orderly list of specific accomplishments necessary to achieve your vision
- Implement a system to regularly evaluate progress toward specific goals
- Be consistent and stick to the plan
- Embrace any new corporate culture which brings you closer to your goals
- Review your vision and goals regularly to make sure they are still valid.
- Renew your plan at least once each year.