# WHAT TO CONSIDER WHEN DEVELOPING A BUSINESS STRATEGY

## Strategic Plans, Business Plans and Moving Your Business Forward

A Strategic Business White Paper by

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## ABSTRACT

There are few companies, if any, that have experienced long-term success without having a strategy — a plan to attain a long-term vision. But it is not necessarily something that needs to be created each year and creating such a vision and business strategy is more than just a weekend retreat, a little “Googling” and a pretty report.

A strategic plan is a detailed specification of your long-term vision and how you plan to attain it. It is a great place to start. A strategic plan typically focuses on a business’ mid to long-term goals and the strategies you plan to use to achieve them.

In this White Paper, we will focus on the following:

• The Advantages to Developing a Strategic Plan

• How To Know If You Need a Strategic Plan

• Where To Start In Developing Your Strategic Plan

• Developing a Business Plan

• Getting Employee Buy-in of Your Strategic Plan

• The Four Main Audiences of Your Strategic Plan

• The Connection Between Your Strategic Plan and Your Business Plan

# ADVANTAGES OF DEVELOPING A STRATEGIC BUSINESS PLAN

Research has found that there are many advantages to investing the time and resources to developing a strategic plan:

• Allows you and your team to make better strategic decisions because everyone's on the same page.

• Encourages you and your team to focus on the future and make decisions accordingly — to be proactive instead of reactive.

• Allows your organisation to respond to change faster and more efficiently.

• Reduces uncertainty among your team and even among your customers.

• Fosters better coordination among your team because everyone can pull in the same direction (because everyone knows what that direction is).

• Allows you to share the Values of the organisation with your team.

• Offers you a chance to get input from your team and even your customers. Taking time away from the day-to-day to gather their opinions can be invaluable to your overall operation.

## DO YOU NEED A STRATEGIC PLAN?

It is not necessarily recommended that you do a strategic plan every year or even very often at all, depending on your company's size and goals. Research has shown that you should consider investing in a strategic plan when:

• You are first starting a business.

• You want to make a change in the direction of your organisation. — a product or service change, culture change, market change, etc.

• You are looking for financial backing.

Otherwise, it depends on your company's size and resources. Small companies may rarely need to do a strategic plan whereas larger companies need to revisit their strategic plans every three to five years.

If you need help to determine whether you need a strategic plan or need guidance as you develop one, I provide coaching and consulting services for many businesses.

Click here to find out more information.


## DEVELOPING YOUR STRATEGIC PLAN: WHERE TO START

To develop a strategic plan, you must step back from your day-to-day operations and determine where your business is headed and what you want its priorities to be.

According to my research, there are four main components of a strategic plan:

• Where your business is now.

Using the SWOT Model (Strengths, Weaknesses, Opportunities and Threats) of strategic and business planning, it is the S - Strengths and W - Weaknesses of your business. This includes your company values and culture.

• A look at the environmental factors surrounding your business, including market demand, competition, etc.

In the SWOT Model, it is the O - Opportunities and T- Threats impacting your business.

• Where you want your business to be in three to five years.

These are your top-level objectives — your major goals.

• What you need to do to get there. The key actions you and your team need to take to accomplish those major goals.

Every strategic plan must begin with the Company Vision Statement and Mission Statement. This is the overall purpose of your organisation, where it wants to be in the future, and the values that are most important to you as a company.

Some people even call your vision statement an elevator pitch — a brief description of your business. It is recommended that your elevator pitch be updated annually. It should be something that all of your employees can clearly articulate to others.

# STRATEGIC PLANNING 101


From that point, there are many different scopes and sizes of strategic plans and the research and information needed to develop them, but the key components include:

• Customer needs (and wants)
• Market trends
• Competition
• Cost to do business vs. opportunity to make money
• Competitive advantages (positioning and capabilities)
• Risk – how much you are willing to take
• Finances - what can you afford

## TIPS FOR DEVELOPING A STRATEGIC PLAN

• Make sure your plan has purpose and meaning. This will carry your team forward in implementation.

• Go beyond business as usual. How can you challenge yourself and your team?

• Be sure your ideas are simple and easy to communicate to others.

• Focus on how you can capitalise on your competitive advantage and how you stand out in the market instead of just setting performance benchmarks.

• Make sure your plan can actually be achieved. Do not aim too high.

# YOUR NEXT STEP: DEVELOPING A BUSINESS PLAN

Once your strategic plan is in place, a business plan is your next step. A business plan includes your short and mid-term goals and the steps you plan to take to achieve those goals.

This is where you assign goals and responsibilities with budgets and deadlines to key members of your team and key departments.

It is also where you set up Key Performance Indicators (KPIs) so you can monitor your progress.

You need to then structure your budget around the key components of your strategy. Put your money where your mouth is, so to speak.

## GETTING EMPLOYEE BUY-IN OF YOUR STRATEGIC PLAN

Maybe the most important step, you need to communicate the plan with your team. Remember that sharing your strategic plan should create excitement and inspire your team forward. Not put them to sleep or overwhelm them.

*So how do you do this?*

First and foremost, focus on the outcomes - not only for the individual team members, but also for the community at large. How is this strategy going to allow your organisation to make a difference?

## FOUR AUDIENCES OF YOUR STRATEGIC PLAN

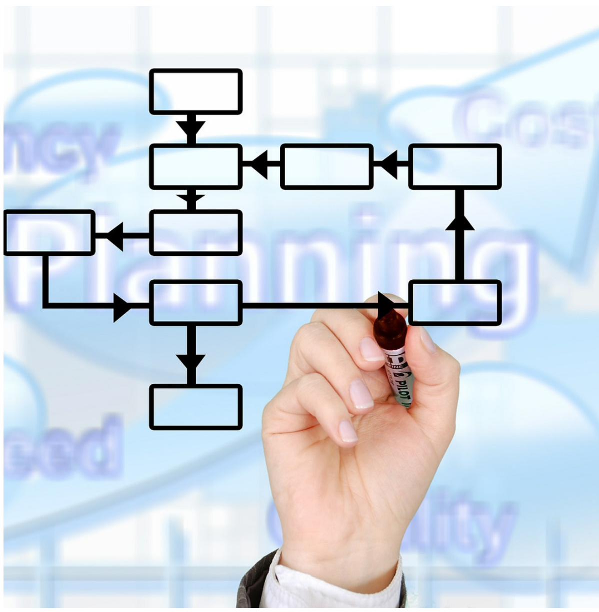
Research shows that companies typically have four main audiences to communicate your strategic plan to, depending on the size of your organisation:

• Senior Management – this includes the inner circle that needs more of the full plan.

• Middle Management - they need the plan boiled down to one page that they can use as a reference point for day-to-day decisions and a clear statement of what they are expected to achieve.

• Front Line - they need a simple overview with a focus on what it means to them — something that will excite and inspire them.

• Outside the Organisation – this includes partners, customers and even the community at large, depending on your organisation.




## THE CONNECTION BETWEEN YOUR STRATEGIC PLAN AND YOUR BUSINESS PLAN

I think the best way to understand the connection between your strategic plan and your business plan is through the Theory of Change Model, outlined by the Harvard Family Research Project:

• Identify the long-term goal (part of the strategic plan)

• Determine what would have to happen to achieve that goal (what would success look like)

• What would your company have to do to make those things happen (tactics)

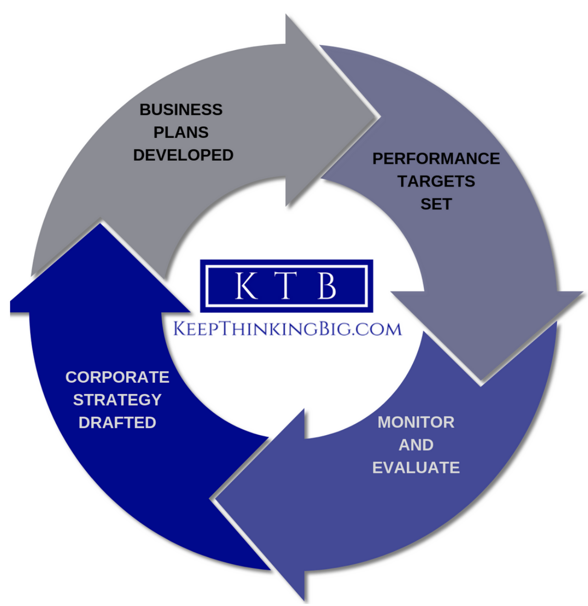
• How are you going to measure your success (quantitative measures that define whether goals have been met).

• Be creative. The best way to do that is to get the input of others through brainstorming sessions or focus groups.

It is also important to go back and review your strategic plan as you go. Was market demand what you expected? Was competition what you projected? Was your marketing successful? This will arm you with some powerful information going forward.

It is also helpful to think of this process more like a cycle:

• The corporate strategy is drafted
• Business plans are developed
• Performance targets are set
• Monitor performance and evaluate the strategy



## CONCLUSION

A strategic plan is a good idea at least once or occasionally for an organisation. But only if you can invest the time and resources to not only conduct the necessary research and analysis, but also to communicate your plan to your entire team in a way that will inspire and motivate them to help you make your plan a reality.

## ABOUT THE AUTHOR

Tony Lynch is a business consultant, speaker, coach and trainer. He helps business leaders develop strategic plans, closing the gap between expectations and results, with a process for greater effectiveness, team engagement, performance, productivity and profitability.

Tony is a regular speaker at events as well as being a TEDx speaker. He was also featured in Inc in the '100 Great Leadership Speakers for Your Next Conference'.

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