IF YOU FAIL TO PLAN YOU PLAN TO FAIL

The above statement maybe a bit of a cliché, but in many respects its true. Many business opportunities and projects are lost due to a lack of planning.

Every business needs a plan. It's like a roadmap, and you can't expect to reach your goals, success and profitability unless you know the steps you need to take to get from your starting point to your final destination.

Entrepreneurs and business managers are often so preoccupied with immediate issues that they lose sight of their ultimate objectives. That's why a business review or preparation of a strategic plan is a virtual necessity. This may not be a recipe for success, but without it a business is much more likely to fail. A sound plan should:

- Serve as a framework for decisions or for securing support/approval.
- Provide a basis for more detailed planning.
- Explain the business to others in order to inform, motivate & involve.
- Assist benchmarking & performance monitoring.
- Stimulate change and become a building block for the next plan.
- Be something to inspire people to pull together in the same direction
- Provide a route-map to navigate the difficult times to come out stronger at the end.
- Be a framework to build on current success.

More often than not a strategic plan is something that is sometimes done and then put away in a drawer. To overcome this we have a very interactive and highly effective strategic planning tool. It will let your strategic planners gather around a table and every crucial element of your business will be explored, short term, medium term and long term.

We will make your strategic planning process fun, meaningful, conversational and conducted in a way which involves all key stakeholders.

This is a process that works and is highly orientated towards achieving results through your strategic plan.

Our facilitated strategic planning process will take you through a critical review of past performance of your business and the preparation of a useable plan. Some essential points which will be observed during the review and planning process include the following:

- Relate to the medium term i.e. 2/4 years
- Be undertaken by owners/directors/key stakeholders/strategic planning team
- Focus on matters of strategic importance
• Be separated from day-to-day work
• Be realistic, detached and critical
• Be reviewed periodically
• Be recorded!

As the precursor to developing a strategic plan, it is desirable to clearly identify the current status, objectives and strategies of an existing business or the latest thinking in respect of a new venture. Correctly defined, these can be used as the basis for a critical examination to probe existing or perceived **Strengths, Weaknesses, Threats** and **Opportunities**. This then leads to strategy development covering the following issues discussed in more detail below:

**Vision  Mission  Values  Objectives  Strategies  Goals  Programmes**

**The Vision**

The first step is to develop a realistic **Vision** for the business. This should be presented as a picture of the business in three or more years time in terms of its likely physical appearance, size, activities etc. Answer the question: "if someone from Mars visited the business, what would they see (or sense)?" Consider its future products, markets, customers, processes, location, staffing etc.

**The Mission**

The nature of a business is often expressed in terms of its **Mission** which indicates the purposes of the business, for example, "to design, develop, manufacture and market specific product lines for sale on the basis of certain features to meet the identified needs of specified customer groups via certain distribution channels in particular geographic areas". A statement along these lines indicates what the business is about and is infinitely clearer than saying, for instance, "we're in electronics" or worse still, "we are in business to make money". Also, some people confuse mission statements with value statements. The former should be very hard-nosed while the latter can deal with 'softer' issues surrounding the business.

**The Values**

The next element is to address the **Values** governing the operation of the business and its conduct or relationships with society at large, customers, suppliers, employees, local community and other stakeholders.
The Objectives

The next key element is to explicitly state the business's **Objectives** in terms of the results it needs/wants to achieve in the medium/long term. Aside from presumably indicating a necessity to achieve regular profits (expressed as return on shareholders' funds), objectives should relate to the expectations and requirements of all the major stakeholders, including employees, and should reflect the underlying reasons for running the business. These objectives could cover growth, profitability, technology, offerings and markets.

The Strategies

Next are the **Strategies** - the rules and guidelines by which the mission, objectives etc. may be achieved. They can cover the business as a whole including such matters as diversification, organic growth, or acquisition plans, or they can relate to primary matters in key functional areas, for example:

- The company's internal cash flow will fund all future growth.
- New products will progressively replace existing ones over the next 3 years.
- All assembly work will be contracted out to lower the company's break-even point.

Use SWOTs to help identify possible strategies by **building** on strengths, **resolving** weaknesses, **exploiting** opportunities and **avoiding** threats.

The Goals

Next come the **Goals**. These are specific interim or ultimate time-based measurements to be achieved by implementing strategies in pursuit of the company's objectives, for example, to achieve sales of £3m in three years time. Goals should be quantifiable, consistent, realistic and achievable. They can relate to factors like market (sizes and shares), products, finances, profitability, utilization, efficiency.
The Projects

The final elements are the Projects which set out the implementation plans for the key strategies. These should cover resources, objectives, time-scales, deadlines, budgets and performance targets.

It goes without saying that the mission, objectives, values, strategies and goals must be inter-linked and consistent with each other. This is much easier said than done because many businesses which are set up with the clear objective of making their owners wealthy often lack strategies, realistic goals or concise missions.

We will encourage you to use hindsight when completing your strategic plan

Statements on vision, mission, objectives, values, strategies and goals are not just elements of future planning. They also provide benchmarks for a historic review. Most managers will find it exceedingly difficult to develop a future strategy for a business without knowing its current strategies and measuring their success to date.

Assess Current Position

The starting point must be to determine a company's existing (implicit or explicit) vision, mission, objectives and strategies. Then judge these against actual performance along the following lines:

- Is the current vision being realised?
- How has the company's mission and objectives changed over the past say, three years?
- Why have the changes occurred or why have no changes occurred? Identify primary reasons and categorise them as either internal or external.

Describe the actual strategies followed over the past few years in respect of products/services, operations, finance, marketing, technology, management etc. Critically examine each strategy statement by reference to activities and actions in key functional areas covering such matters as:

- How has the company been managed?
- How has the company been funded?
- How has the company sought to increase sales and market share?
- How have productivity/costs moved?

Take each element and quantify by reference to actual performance. Ask of each "why not"?, "why only"?, or "why so"? and locate the reasons for differences between the actual and desired performance.

We will ask you far reaching questions!

When reviewing a business it is essential to cut through the symptoms of problems and reach the underlying causes. Questions which can assist in revealing the real causes include the following:
"What stopped the business from?"
"What caused the cause of?"
"Why didn't the business achieve a 25% return?"

We use a number of tried and tested strategic strategy development models to help you find the answers to these questions.

**SWOTs - Keys to Business Strategies**

Having built up a picture of the company's past aims and achievements, the all-important SWOT (strengths, weaknesses, opportunities and threats) analysis can commence.

**Strengths & Weaknesses**

Strengths and weaknesses are essentially **internal** to the organisation and relate to matters concerning resources, programs and organisation in key areas. These include:

- Sales - marketing - distribution - promotion - support;
- Management - systems - expertise - resources;
- Operations - efficiency - capacity - processes;
- Products - services - quality - pricing - features - range - competitiveness;
- Finances - resources - performance;
- R&D - effort - direction - resources;
- Costs - productivity - purchasing;
- Systems - organisation - structures.

The objective is to build up a picture of the outstanding good and bad points, achievements and failures and other critical features within the company.

**Threats & Opportunities**

The **external** threats and opportunities confronting a company, can exist or develop in the following areas:

- The company's own industry where structural changes may be occurring (size and segmentation; growth patterns and maturity; established patterns and relationships, emergence/contraction of niches; international dimensions; relative attractiveness of segments)
- The marketplace which may be altering due to economic or social factors (Customers; distribution channels; economic factors, social/demographic issues; political & environmental factors)
- Competition which may be creating new threats or opportunities (Identities, performances, market shares, likely plans, aggressiveness, strengths & weaknesses)
- New technologies which may be causing fundamental changes in products, processes, etc.
**Develop Business Strategies**

Once the SWOT review is complete, the future strategy may be readily apparent or, as is more likely the case, a series of strategies or combinations of tactics will suggest themselves. We will use the SWOT to help identify possible strategies as follows:

- **Build** on strengths
- **Resolve** weaknesses
- **Exploit** opportunities
- **Avoid** threats

The resulting strategies can then be filtered and moulded to form the basis of a realistic strategic plan.

**Simple & Short Strategic Plans**

A company rarely succeeds or fails for minor or trivial reasons. The causes are usually substantial and are often self-evident, at least to an outsider. For example, the business was completely over-borrowed; management was weak; a major new product opportunity was identified; legislation changed; a major competitor went bust or expanded; the company never reinvested.

It will be possible in the course of a few pages to set down the main elements of a business's vision, mission, values, objectives, goals, strategies, SWOTs etc. The compilation of a short report along these lines is likely to prove much less difficult than a lengthy dissertation which mixes up details and principles, and confuses the broad picture.

Independent advisers (us) and your non-executive directors can play a valuable role in this process because they can readily adopt the role of devil's advocate and also bring external knowledge and expertise to bear.

Once your strategic plan has been completed you can develop it further into a full-blown business plan, compile financial projections, undertake market research, develop new products, engage in leadership/management development or team building.

**Call us now on 01460 61459 to discuss the development and implementation of your strategic plan**