STRATEGIC PLANNING

# Definition

Strategic planning is the process by which the guiding members of an organization envision its future and develop the necessary procedures and operations to achieve that future. What do you want to accomplish, how do you know if you are successful?

A strategic plan is the management tool and documentation of the strategy chosen as a result of strategic planning.



# Why should organizations create a strategic plan?

1. To provide a framework for action
2. To set goals
3. To understand where your organization is headed and why it is headed there
4. To ensure that your organization is successful



# What is in a strategic plan?

1. Vision Statement
2. Mission Statement
3. Core Values & Guiding Principles
4. Financial Assessment
5. Environmental Scan
6. SWOT Analysis (Strengths, Weaknesses, Opportunities & Threats)
7. Strategic Goals & Objectives
8. Check for gaps (revisit your data collection)
9. Metrics
10. Detailed Action Plans (Individualized with measurements, stake holders, due dates)
11. Implementation Plan

Note: Companies usually falter by not completing steps 9, 10 and 11. There is a lot of work involved in working on your business

# How to get ready

1. Determine your readiness as an entrepreneur and ensure that you are committed to the process from both a timing and strategic perspective
2. Identify all team members who will be involved (ensure that there are a diversity of people from within the organization in order to provide a variety of skills and strengths.
3. Educate the organization and the team as to what the process is about and how much time it will take
4. Hire an independent consultant/facilitator who will provide objectivity to the process and can ensure that the team stays on track

# Determine where the current focus of priority lies (% wise)

1. Financial Success (The result)
2. Sales
3. Operations
4. Customer Satisfaction
5. Employee Satisfaction
6. Innovation/Creativity

The seat of the chair represents the financial success of the company. The other 5 components of the business represent a leg on the chair. The height and the stability of the chair is determined by level of focus of each component.

# what the team should know

1. This is going to take a while. Some strategic plans can take several months to develop.
2. It will take your focus and time from the day to day operations of the business
3. It takes commitment to act on it and support it long-term
4. It may change/define your corporate culture

# Core Values

1. Defines the culture of a company
2. Involves a brainstorming session
3. Each value should be supported by a brief definition
4. Can be added to the employee handbook
5. Are non-negotiable to the company
6. Can be used to hire/fire employees
7. Develop interview questions that will draw out core values

Sample Values List

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Teamwork | Fairness & Compassion | Growth | Respect | Courage |
| Diversification | Innovation | Communication | Caring | Ethical |
| Loyal | Individuality | Passion | Safety | Integrity |
| Quality of Life | Supportive | Fostering | Fun | Fellowship |
| Hard Working | Trust | Honesty | Civility | Humorous |
| Athletic | Educated | Inspiring | Optimistic | Adventurous |
| Quality | Accountable | Resourceful | Leadership | Humble |
| Integration | Positive | Open-minded | Reliable | Punctual |

# Guiding principles

1. Are short phases that support the core values
2. Provide direction or guidance to employees on how to act/behave
3. Allow employees to make easier decisions on behalf of the company
4. Make Every Customer Feel Valued
5. Drive for Excellence
6. Safety First and Last
7. Do the Right Thing
8. Don’t Take the Easy Way Out
9. The Customer Comes First
10. Global Perspective and Participation
11. Quality Leadership
12. Walk the Talk
13. Mistakes Are Learning Opportunities
14. Measure Twice, Cut Once
15. Deliver WOW Through Service
16. Embrace & Drive Change
17. Be Humble
18. Create Fun and a Little Weirdness
19. Work Life Integration
20. Be Adventurous & Creative
21. What Got Us Here Isn’t Going to Get Us There

# vision statement

1. Answers the question “What do we want to become?”
2. Provides the organization with a forward looking ideal image of itself and its uniqueness
3. Is an end state – not how to get there
4. Provides a common vision and sense of teamwork
5. Uses words such as “to be” or “establish”
6. Is long term (5+ years)
7. Every word in the vision statement should have value, supports an image, inspires and isn’t vague
8. Reaches for the sky, but is still realistic
9. Creates meaning & purpose
10. Should be short enough that you don’t need to take a breath
11. Should be unique to the company
12. The intent is for it to be used internally and not as a marketing tool
13. Less “slogan based”
14. Vision statements usually change when there is a major shift in the direction of the company (ie new leadership/board of directors)

# Mission Statement

1. Is the reason that an organization exists and what it will do
2. Is internal
3. Is congruent with the organization’s core values
4. Is revisited every 2-3 years
5. Answers
	1. What function do we perform?
	2. For whom do we perform it?
	3. How do we go about filling this function?
	4. Why do we exist?
6. Is short (can be memorized)
7. Make it simple (use everyday language)
8. Is operative (3 verbs maximum)
9. Clearly defines what you do and don’t do

# Financial Evaluation

1. Key Questions
2. I know on average how much I make on each sale and record it
3. I know how many sales, customers or $’s I need to break even
4. I have a cash flow forecast for the business (12 weeks minimum)
5. I generate monthly financials statements and I understand what they mean
6. I budget for profit and have set regular profit goals
7. I have strategies in place to increase my gross profit
8. I set time aside at the end of each month to review my financial performance
9. I have a current overhead budget in place
10. I have a current marketing budget in place
11. I have a forecast in place to help me predict what this year’s income will look like
12. I regularly collect on my accounts receivable
13. I am current on paying my accounts payable
14. I am current with all my government filing and regulatory payments
15. I have sufficient financial resources in place to manage cash flow risk
16. I understand my exposure to business risk
17. I have sufficient/efficient levels of inventory to support my business
18. I have adequate business insurance in place



# Environmental scan

1. Purpose is to identify trends
2. It is not focused inward on your organization
3. The focus is to look at what is going on around you
4. Social, Political, Legal, Economic, Market, Competitors, Technical, Social
5. Key Questions
	1. What needs are being met?
	2. What is the total volume in this market?
	3. What is our share of the market?
	4. How many total customers are there?
	5. What is the potential for growth?
	6. What recent events would affect the market?

# SWOT Analysis

1. The key is to be honest
2. Looks at where the organization is today
3. Come together to agree as a team
4. Prioritize each of them

|  |  |  |
| --- | --- | --- |
|  | Helpful | Harmful |
| Internal | Strengths | Weaknesses |
| External | Opportunities | Threats |



1. Strengths
	1. What do you do well?
	2. What differentiates you from others that provide similar services?
	3. Do you have sustainable staff?
	4. What are your assets?
2. Weaknesses
	1. What could you improve on?
	2. Where do you have fewer resources than others?
	3. Do you lack any necessary expertise?
	4. Do you have policies and procedures?
	5. Do you depend too much on any one specific customer/individual?
	6. Is your website/marketing effective?
3. Opportunities
	1. What opportunities are open to you?
	2. What trends impact you the most?
	3. Mergers/acquisitions?
	4. Other products/services you can provide?
	5. Other geographical locations?
	6. Can we offer our existing programs to a different market?
4. Threats
	1. What is your competition doing?
	2. Are there any 3rd parties that are critical to your process?
	3. How might a natural disaster or epidemic impact your operation?
	4. What threats could harm you?
	5. Prioritize the threats by impact vs probability
	6. Are there some programs that need to be cut?
5. Key Questions/Statements
	1. The business has defined customer service levels
	2. Each customer receives the same experience
	3. We regularly survey our customers
	4. We have a script/process in place for greeting customers and answering the phone
	5. We consistently brainstorm ways to exceed our customers’ expectations
	6. We analyze our mistakes and put processes in place to ensure that they don’t happen again
	7. The business has a meaningful guarantee in place
	8. The team knows what our USP is (Unique Selling Point)
	9. Our sales strategies promote our USP
	10. We know what our target market is
	11. We work with 3 non-competing alliances
	12. We have a referral program in place
	13. We consistently used different ways to generate business leads
	14. The team uses sales scripts and processes that are documented
	15. The sales team receives regular sales training
	16. The sales team is accountable to deliver sales projections
	17. The business has a database of clients and prospects
	18. Our clients have been graded A,B,C or D
	19. We know how to upsell our products
	20. We continue to record and monitor the # of leads coming in
	21. We know and understand our conversion rate
	22. We are efficient in completing repetitive tasks
	23. We have documented processes and flow charts
	24. We have up-to-date computer software technology
	25. We have an up-to-date inventory management system
	26. Our payroll system is efficient and informative
	27. All tasks that can possibly be automated have been
	28. Our staff delegate effectively in a cost efficient manner
	29. We schedule regular maintenance on all key items of equipment
	30. Each team member understands their role and has a current job description
	31. Each team member understands how their achievements will be measured
	32. There is a current succession plan in place
	33. We have a current organizational chart
	34. We plan & prepare regular staff performance reviews
	35. There is more than one strong leader in the team
	36. Our culture has been identified and shared with the team
	37. Each member of the team has their own 90 day goal plan
	38. All team members are committed to playing “above the line”
	39. I have a system for encouraging open communication
	40. I trust my team and allow them the responsibility to make decisions
	41. I have an organizational chart for what the business will look like in the future
	42. I have an on-boarding process for new staff
	43. I don’t have to be present in the business everyday
	44. I have identified, groomed and appointed a general manager
	45. I have a contingency plan in place for staffing
	46. I have financial and personal independence
	47. I am investing and growing assets outside my business
	48. I am actively putting an exit strategy in place
	49. The business is generating passive income
	50. I am giving back to charity
	51. I am mentoring others

# Strategic Goals & Objectives

1. Use your SWOT analysis to come up with ideas that can take your company to the next level
2. Get all your ideas on the table
3. Prioritize your goals
4. Goals should be timely and quantifiable (SMART goals)
5. Drill down to a department level and then an employee level
6. Employees can be bonused or evaluated on completing their component of the action plan
7. Each action item ties into a corporate KPI or metric
8. Action plans can become enormous due to the economies of scale. There is a higher level of time commitment the more people involved and the higher the number of goals
9. Keep it simple and manageable
10. Watch out for costs increases as new equipment/staff might be needed to support increased volume of business
11. Goals should be evenly focused though all pillars of the business
	1. Financial Success
	2. Operational Excellence
	3. Customer Satisfaction
	4. Employee Satisfaction
	5. Sales
	6. Innovation/Creativity
12. Try not to change more than one of the following:
	1. Who (your customer or client groups)
	2. What (your customer needs, products or services)
	3. How (activities, technologies or methods of sale)

# KPI’s (Key performance Indicators) or Metrics

1. Usually represented in a chart format
2. Includes measurement, current level, targeted level, Green/Yellow/Red status, Due Date, Comments or Clarification
3. Are they realistic?
4. Did you miss anything?
5. Have your priorities changed?
6. Evaluate the fit between the goals and the current business
7. Is it going to change your culture? Do you want it to?
8. Do you have enough resources available to execute the plan?



# Implementation

1. Budget rollout based on action items
2. Your strategic plan can be developed into a business plan which can be used by 3rd parties and lenders
3. Requires a communication plan to your team
4. Can be used in conjunction with a performance management plan
5. Supported through regular AGM’s or town hall meetings
6. You can use posters or cards to convey values, principles etc.
7. You can create a video to creates excitement for the staff
8. Allocate sufficient time to working “on your business”
9. Celebrate the successes throughout the implementation process
10. Ensure that the timing of the action items are evenly distributed throughout the year. Tendency will be that everything is important which becomes overwhelming

# Strategic Plan Format (Putting it All Together)

1. Executive Summary (1-2 pages)
	1. Vision
	2. Mission
	3. Values
	4. Guiding Principles
	5. Goals
	6. KPI’s
2. Current Assessment (5-8 pages)
	1. Background Info
	2. Financial Evaluation
	3. Environmental Scan
	4. SWOT Analysis
	5. Product Life Cycle
	6. Brains Storming Data
	7. Current 5 Legged Chair Analysis
3. Strategic Business Model (3-6 pages)
	1. Detailed Action Plan
	2. KPI Matrix
	3. Correlating Budget
	4. Marketing Budget
	5. Communication Plan
	6. Performance Management Plan