

Strategic Planning in a Small Business

The insurance sales field has a marvelous saying that is so true: People don't *plan* to fail, they just fail to *plan*."

This statement, which I consider to be true, is usually applied to the purchase of life insurance, or investments, or possibly Long-Term Care insurance.

But the statement applies with equal force to those of us who live and work and depend on small businesses. Just as individuals sometimes end up in places they don't anticipate, so to can businesses fail to see their future and end their corporate lives in failure and ruin.

As I write this column, we are preparing to conduct our 6th Annual Strategic Planning Retreat, so I thought a few words might be in order about what we do, and the benefits that I think we generate for ourselves.

First, a few words about how we go about it. The four of us will invest 9 hours in the next two days following a structured methodology we have followed for years.

Occasionally, we have adapted the methodology as our business model has changed. These adaptations have always had the same effect—they simplify and consolidate our process.

First Phase of Strategic Planning

The first thing we do at our Retreats is to review the Goals we set at last year's Retreat. We are supposed to review these goals every quarter, but this year, for the first time, we have failed to perform that review.

Failing to periodically review goals is an indicator that the Goal-Setting process is not working. So our first topic tomorrow is to determine why we did not feel the importance of reviewing the goals.

I'm pretty sure I know why we didn't review quarterly goals. It's because our organization is beginning to stabilize after several years of planned change.

The goal-setting process of previous years was designed to bring about those planned changes, and a Quarterly Goals Review was important to us in those days.

Now that the change has been achieved, we don't perceive the benefit of the Quarterly Review.

I anticipate we will continue the Goal-Setting Process, but that we will reduce the emphasis from years past. After all, we have completed most of our transitions, and now want to build on our foundation.

Second Phase of Strategic Planning

The second phase of the Retreat is always the SWOT analysis.

SWOT means

- Strengths
- Weaknesses
- Opportunities
- Threats

We place each of these four attributes in a quadrant that looks like this

Weakness	Strength
Threat	Opportunity

The top line—that one that says Weakness and Strength—is an internal look at the plusses and minuses of the organization. No consideration is given to what is going on outside the company—the focus is purely on the inside.

You can guess what is going on with the bottom line—the one that says Threat and Opportunity. This line does just the opposite of the top line—it focuses purely on external factors that could have a positive or negative impact.

Once all four boxes are filled in, we look at everything in a different way. First we look at all the positive factors—the Strengths (Internal) and Opportunities (External). And we assign priorities—we want to know the 3 best things we have going for us that we can emphasize next year.

Similarly, we prioritize all the worst things that can happen to us, either internally or externally.

And from all that, we have our goals for next year—we know what we must do to better align ourselves with our target client base, and we know what defensive measures we must take to protect our organization.

SWOT. It's a simple but powerful concept.

Third Phase of Strategic Planning

Once last year's goals have been reviewed and next year's goals set, we have several other tasks.

First, we have one session to forecast sales volumes, and another to set prices for the coming year.

I then use these assumptions regarding volume and price to forecast revenue by month which becomes the first half of next year's budget.

Making Strategic Planning Work in Small Business

Write it down. If you don't, you won't be able to remember what you decided, nor will you be able to measure the results.

Get Your Key Players Involved. Good ideas come from everywhere.

Don't Bog Down in Details. Remember, you're being strategic.

The First Year is the Hardest To Do. You're grappling with new concepts, and often

new ways of relating to each other. It gets easier and more product each year.

1171 Market Street, Suite 206, Fort Mill, SC 29708
Phone 803 802 7676
www.beaconsmallbiz.com
Copyright 2007, Bill Belchee
All Rights Reserved