

# 4-Step Guide to Strategic Planning

for Business Owners



**THE ALTERNATIVE BOARD**

*Shared Wisdom, Bottom Line Success*



## Does your business have a clearly defined path forward?

Or do you sometimes feel that you're making things up as you go? At The Alternative Board (TAB), we encourage all business owners to develop strategic plans to help guide their businesses in a positive direction.



Clearly, having a strategic plan in place is important. When we surveyed business owners as part of our [Pulse Survey](#), we found that those who described their strategic plan as “excellent” or “good” were much more likely to project increases in profits and sales revenue than others. Yet in that same survey only four in ten rated their strategic plan as “good.” Why are so few business owners using this important tool to grow and guide their businesses?

We created this white paper to help more business owners experience the benefits of strategic planning. Read on to learn the four steps to creating a solid strategic plan for your business and get advice from other business owners just like you.

## How Strategic Plans are Different for Small Businesses

Strategic planning can sometimes seem like the realm of big businesses, with their advisory boards and investors. But it's equally important for small businesses to engage in strategic planning. However, the strategic planning process big companies use doesn't always work for small businesses.

First, small businesses need plans that are flexible, allowing them to take advantage of new opportunities and make big changes more quickly. Second, the purpose of a strategic plan for a small business is also slightly different than for a big business. A small business' strategic plan should first and foremost be a working document, rather than a glossy product designed to communicate with shareholders and investors.

One trap small business owners can fall into is that of spending too much time finessing their strategic plan. Instead of making endless revisions and wordsmithing sections, focus on writing a planning document that's alive and vibrant — a plan that will give you a clear path forward.

**Here's how to get started.**



# Step 1: Understand Your Business: Vision, Mission and Values

In order to plan for the future, you first need to understand where your business is today. Along with gathering core business information (such as financial documents and profit and loss statements), delve deeper by revisiting your vision, mission statement and core values.

You may already have these documents written up. If so, take some time to review them and make sure they still resonate with your vision for the business. Changes in circumstances, leadership or the marketplace may require you to rethink the core of your business from time to time. Just like your strategic plan, your vision, mission statement and core values should be treated as living documents.

If you don't have these written already, don't skip this step. Take some time for serious reflection — either during the workday, or even away from your office on a retreat or a hike. Often, coming up with something truly meaningful requires taking a step back to help you gain some perspective. Take a notepad to a coffee shop, go for a long walk or schedule a few days alone with your thoughts as a mini “working vacation.”

Another way to clarify your thoughts in regard to your vision, mission statement and core values is to speak with your staff or trusted business owner advisory board. You could also hire a business coach.

When writing these core business documents, ditch the jargon and use words and phrases that truly resonate with you. What is the most idealistic version of your business? What are your most ambitious goals? What is the grandest vision for what your company could be?

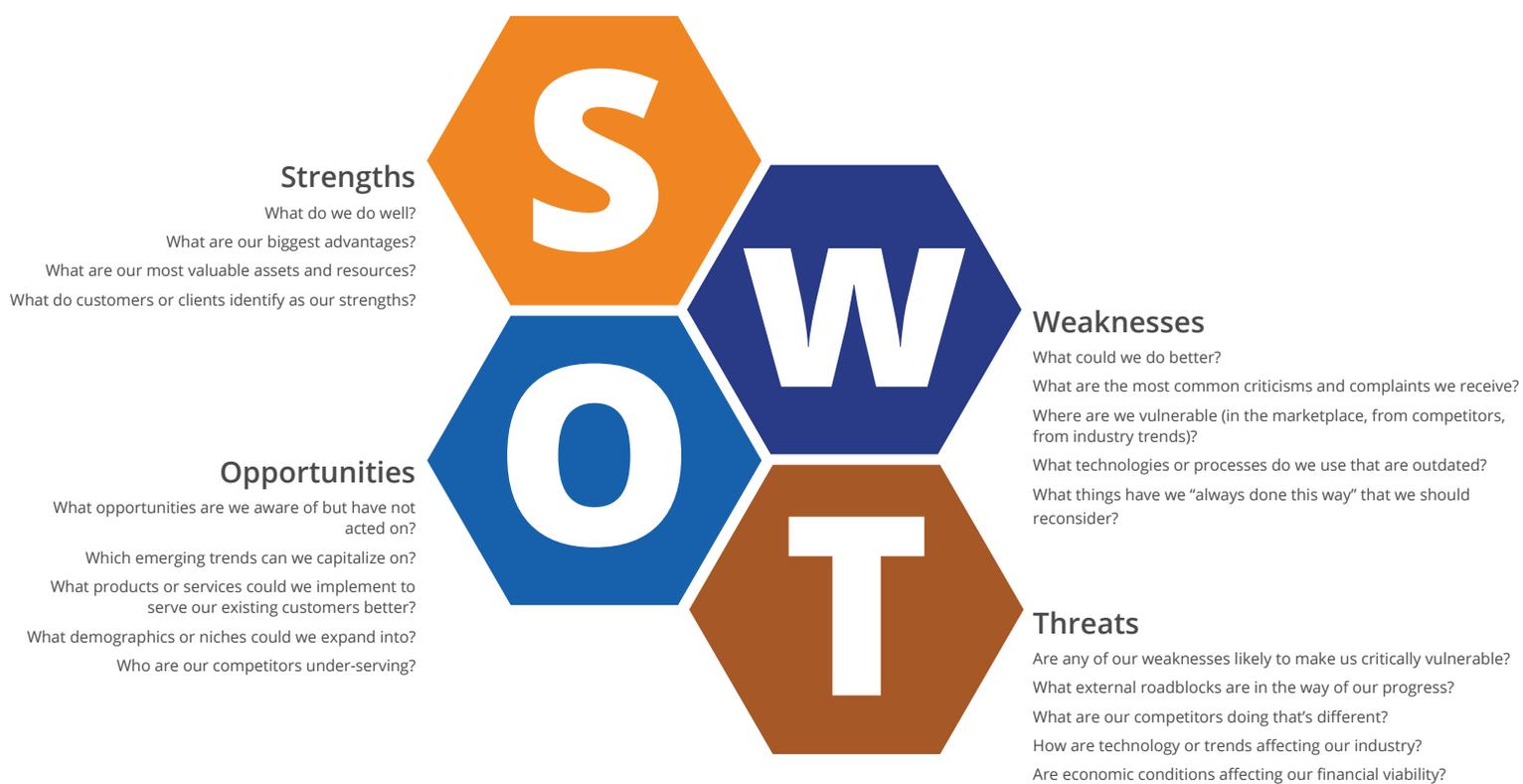


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## Step 2: Analyze Your Strengths, Weaknesses, Opportunities and Threats

Have you done a SWOT analysis of your business recently? SWOT stands for strengths, weaknesses, opportunities and threats and is a standard tool to help organizations assess internal and external factors that will contribute to their success or failure. Doing a SWOT analysis can provide insight into where your business should focus its marketing efforts, give you a better understanding of your industry and customers, clue you into your competitive advantages and give you a heads-up on potential threats to your growth.

At its core, a SWOT analysis is simply a series of questions that you should answer to the fullest of your knowledge. Here are some as an example; you may have others that you prefer to ask to personalize your assessment.



You may have already done a SWOT analysis at some point in your business. Whether you have performed one before or the concept is new to you, it’s helpful to do another as part of your strategic plan.

## The Power of Organizational Charts

When assessing your company and planning for your ideal organization, it can be hard to avoid the trap of doing things the way they’ve “always been done.” Sandra Scanlon, associate principal at BCER Engineering, has a suggestion for getting out of that mindset when assessing personnel needs.

When you are assessing the needs for specific roles in your company, she recommends building your organization chart with areas of responsibility, tasks and talents before applying the names of your current staff.

This allows you to see staffing and skills gaps that you might otherwise have missed if you make your organizational chart using your current team members. It also provides a roadmap for the path forward. “If we want to know how to develop an employee,” says Scanlon, “we need to define the destination.”

She recommends you ask yourself:

- 1 **What are the requirements to do that job?**
- 2 **Why does that job exist and what has to be done to execute those tasks?**
- 3 **What skills and attributes are required to be successful?**

Sandra Scanlon  
Associate Principal, BCER Engineering  
Denver, CO  
TAB Member since 2012

Kim Christie, owner of TAB Winnipeg, has a corresponding tip for using organizational charts to guide growth. Christie recommends business owners create two org charts: one that maps the existing company, and one illustrating where the company should be in two-to-five years. Then, ask yourself which roles will need to be added and which skills will need to grow with the roles. (For example, at some level the bank may require your accountant or bookkeeper to have a professional designation, or you may need an in-house HR staff.)

Use this information to promote skills growth in your current employees. “Encourage your employees to upgrade themselves so they will not find their company has outgrown them,” says Christie.

Kim Christie  
Owner, TAB Winnipeg  
Winnipeg, MB

## Step 3: Define Strategic Objectives and Set SMART Goals

Armed with your SWOT analysis and guided by your mission statement, vision and company values, it’s time to create your plan for the path forward.

First, let’s look at some definitions.

**Goal:** The primary outcome you wish to achieve. In order to be a SMART goal, it should be specific, measurable, achievable, realistic and time-bound.

**Strategy:** The approach you take to achieve your goal. Strategies are generally longer term and “tried and true.”

**Objective:** A specific, measurable step taken as part of the strategy to achieve the goal.

**Tactic:** A tool or technique used to pursue a specific objective. Tactics may change more rapidly and be more sensitive to trends than strategies.

Use your SWOT analysis to brainstorm potential goals. For example, you may set a goal to shore up one of your company's weaknesses, to take advantage of an opportunity you uncovered or to neutralize a potential threat.

Here are some example categories of goals you may brainstorm during this step:

### Financial Goals

- Ensure financial sustainability
- Diversify revenue streams

### Market Share Goals

- Increase market share
- Broaden product offerings
- Tap into a new demographic
- Cross-sell more products

### Customer Goals

- Improve retention and satisfaction
- Improve customer service
- Implement a CRM
- Become more involved in community

### Operational Goals

- Streamline processes and become more efficient
- Reduce waste
- Improve workplace safety

### Regulatory Goals

- Ensure compliance
- Improve reporting and transparency

### Personnel Goals

- Improve employee skills
- Improve company culture
- Improve retention and build teams
- Develop leadership
- Invest in business infrastructure

At this stage, it can be tempting to bite off more than your organization can chew. When setting goals as part of your strategic plan, try to limit them to between three and five. Any more than five and you will very likely not make progress on any of them.

In his book, *Essentialism: The Disciplined Pursuit of Less*, Greg McKeown explains the history of the word "priority." It was first used in the 1400s and meant "the very first or prior thing." This singular usage remained until the Industrial Revolution, when the word "priorities" arrived in the English language. Up until that point, there could be only one "first thing"; now, businesses claim to have dozens of priorities.

If you're honest with yourself, however, how many of these dozens of priorities actually get accomplished? When a business tries to do too many things at once, it will do very few of them well. Once you have your goals in mind, identify them in order of priority.

**Ask yourself: If only one thing could happen this year, which would it be?**

# Employees Want to Help You Achieve Your Goals

Being transparent about your strategic plan and goals within your organization is a good way to engage your employees. Bill Gibson, owner of Shurail HVAC recently learned this when he shared his company's goals — and how each team member supports those goals — in a company meeting.

"I provided specific examples of recent activities of each employee and how they positively impacted the whole company toward meeting the shared company goals," he says. He points to three separate positive outcomes of this decision:



1

Everyone was reminded of the company goals.

2

Each employee gained an appreciation for the role their coworkers play in the organization.

3

Employees gained a sense of how the small actions they take each day can make a big difference and ultimately impact their personal bonuses.

Bill Gibson  
Owner, Shurail HVAC  
Bloomington, MN

Adam Vielock, Director of Human Resources for Employer Flexible, agrees that the key to high engagement is helping employees see themselves in the company vision. "It's nice to have the company vision displayed for all to see, but how many employees know what it means?" Vielock asks. "In our business, part of each performance review is a requirement that the employee describe how he or she evidences the company vision in daily work."

Adam Vielock  
Director of Human Resources, Employer Flexible  
San Antonio, TX

## Step 4: Put Your Plan into Motion

Now that you have a concrete plan, it's time to execute. It's easy to feel overwhelmed by a large goal, especially if it will be a reach for your organization. That's why it's important to set your goals and objectives with the scale of long-term thinking, but plan your next steps and tasks in the short term.

Make your goals more manageable by breaking them down into concrete tasks. For example, a goal of "Upgrade aging equipment to meet current manufacturing standards" could be broken down into individual tasks such as "research suppliers," "make appointments with representatives at the next big expo" and "purchase equipment."

To understand the difference between goals versus tasks, think about it this way: Tasks should take a smaller amount of time to complete, preferably only a few days or weeks at most. It should be easy to see when you are done. For example, "Bring on 10 new clients this year" is a goal. "Join local business association" is a task that will bring you closer to your goal.

Tasks should also be broken down as far as you can. Keep asking yourself, "What needs to happen before we can take this next step?" Make a list of everything you need to know, do, or have in place before an action can be taken. (This is a good opportunity to brainstorm with your team, using a whiteboard or mind mapping technique.)

Of course, at this stage your next step may be to research what it will take to make your goal a reality. In that case, set yourself or a team member a deadline for completing the research so you can move on with setting tasks.

At this stage, you should also take time to identify the challenges you will face in achieving this goal. Look back at your SWOT analysis. Are there any organizational weaknesses or external threats in the way of you achieving this goal? What steps will you need to take to mitigate those challenges? It can be helpful to consult an outside perspective at this point, since it can sometimes be hard to see challenges if you are too close to the business.

Lastly, ensure you make progress toward your goal by assigning tasks and creating accountability. Your strategic plan should include who is responsible for a task, deadlines as to when certain tasks need to be accomplished and a timetable for reviewing your strategic plan.

Strategic planning shouldn't just happen once. Before you finish the planning process, schedule your next few formal reviews (at least once a quarter). Regular review of your strategic plan ensures that you are staying on track and making progress toward your goals and that your strategic plan is still relevant to the state of your business. Don't be afraid to ask the hard questions when reviewing your strategic plan. You could miss addressing new challenges or opportunities if you continue on with an outdated plan.

# Build Accountability, Build a Deadline Culture

Setting a goal isn't enough to make it happen. You also need to build in accountability through assigning tasks and setting deadlines.

Michael DeBaere, President of M & M Printing, recently learned this when his company was making a major equipment purchase. Although the purchase was important, supplier selection kept getting put off as other work took priority. "I admittedly was not holding myself or my organization accountable," says DeBaere. "It is often said that 'you get what you tolerate,' and my tolerance was causing an important decision to slip."

After finally setting a deadline to make the final selection within 30 days and taking steps to hold all responsible team members accountable, DeBaere's company had the information needed to make the selection. "Holding myself accountable made it easier to hold everyone accountable," DeBaere says. In the following year's business plan, he made sure to include deadlines for completing each action item, along with regular reviews. "As our deadline culture takes root, we expect consistently improving results," he says.

Michael DeBaere  
President, M & M Printing  
Fond du Lac, WI



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## Is TAB for You?

The mission of The Alternative Board (TAB) is to provide small business owners with peer advice from fellow business owners and coaching from experienced business professionals. TAB helps forward-thinking business owners grow their businesses, increase profitability and improve their lives by leveraging local business advisory boards, private business coaching and proprietary strategic services.

Becoming a Member of The Alternative Board gives you access to resources and expert advice to help you develop a strategic plan so your business can thrive. [Find a TAB Board](#) near you and begin growing your business today.

Was 4-Step Guide to Strategic Planning for Business Owners helpful to you? Help someone else out by [forwarding to a colleague](#).