

Strategic Plan Provides Path to Goal Achievement

A good strategic plan provides tool for making key business decisions.

By Margaret Reynolds

A strategic plan provides a navigational map for your business that identifies the most efficient route for achieving goals. It is a way to look at your entire business; it directs a specific path to take, it provides clear direction so your entire team moves together toward the same destination and it establishes landmarks, or interim milestones, to assure that you are moving in the right direction.

In a strong market, a good map helps a business determine quickly where to invest to accelerate growth and maximize returns. In less stable times, it helps make decisions on what is critical to a business's future, including key programs, top customers and certain capabilities, so cutbacks don't undermine business in the long term. It provides insight on how to manage scarce resources so that you arrive on budget.

Strategic planning is not just a tool for the big corporation. It is perhaps even more essential for the new business that is mapping out its future and wondering if the investment is a good risk, as well as the established or expanding small business that can't afford mistakes.

Components of Strategic Planning

The strategic plan addresses five important areas for your business, and you can use the following questions to explore them:

- What do you do? What is your business positioning? How do you do it differently than your competition?
- Who do you serve? Who is your target customer?
- How will you deliver to the market?
- How will you make money? What is your economic model?
- What is your plan for implementation? What will you do first? How will you align your organization, what partnerships do you need and where will you spend your capital?

Like anything else, a strategic plan is as effective as the effort that goes into it. To evaluate the degree to which your plan will be productive, ask yourself these questions:

- **Does my plan force a choice?**
A good plan stakes out the segment of the industry where you are uniquely suited to play, given your strengths, the competitive landscape and market trends. Being all things to all people rarely is an effective strategy.
- **Does my plan define the direction of my business, or focus on improving operations?** A strategic plan addresses the nature of your business. It is confused sometimes with implementing best practice. Best practice describes how you will increase effectiveness in executing your strategy...be faster,

be cheaper and so forth. It is an important consideration, but it is not strategy.

- **Will my plan influence how I spend money?** Strategy defines the critical path to success and therefore should guide investment in resources. If your plan is not affecting how you spend money, then you are not comfortable implementing your strategic plan and should revisit it.

Making Best Use of Your Plan

Remember that the strategic plan is a dynamic tool for managing your business. While it is a long-term look at how you want to grow and manage your business, markets can change rapidly.

The strategic planning process is not a once-every-five-years business analysis. Review your plan at least twice a year. Determine if any of the underlying assumptions have changed. Evaluate whether you are meeting interim goals. Make adjustments to the plan if necessary so that it can continue to be helpful and not become an outdated document that sits on your shelf.

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