

Sample Strategic Business Plan

A Business Plan should be a logically argued document that starts off with the analysis of the current situation moves through the analysis of where the business wants to be and concludes with the strategies and action plans of how the business is going to move from the now to the where. It is emphasised that this must be a readable, believable and motivational document. The ability to prioritise and present the information in a readable format is absolutely critical to the outcome of the document. It needs to be a concise and convincing document that leaves the reader in no doubt as to how the strategies and action plans were developed and that the company has the capacity and the necessary understandings to achieve the desired outcomes.

Your presentation should start with a cover sheet with your company name and address followed by a table of contents.

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1. Executive Summary

The Executive Summary is a one page summary of the main points in the business plan. We would recommend that the one page business plan be inserted as the Executive Summary.

2. General Review

The general review is basically the summary of the now analysis. It covers situations pertaining to the internal performance of the company as well as trends and issues relating to the market place generally. It would include relevant financial analysis of the most profitable products, in geographical regions or other market segments. If any customer or employee surveys are being done then the main points from the surveys would be included in this area. You need to be very selective as to what material is relevant here because you could end up with a substantial amount of pages to describe the general review and this would be counterproductive. If you have done a generic diagnostic report then the main issues from that report would be inserted in this general review area as well. It really is mainly a general review highlighting the key areas in the business and in the market. It would even include perhaps a future analysis of the market or any currently available writings that indicated future trends in the particular market. A product portfolio analysis of current products or segments could also be included at this point. In addition things like organisation charts of the current structure would be included. Again it is emphasised that this needs to be a concise summary of the current situation. As with the rest of the business plan document these issues could be in bullet point format.

3. SWOT Analysis

A summary of the key Strategic SWOT items would be presented and discussed at this point. Again the points should be concise rather than verbose.

4. Key Issues

One of the main reasons for doing a general review and a SWOT analysis is to determine what the key issues confronting the business are. Accordingly, these key issues should be summarised at this point. If you have done a strategic planning workshop and utilised the magic wand tool, then the items that come out in the magic wand could be listed here as the key issues. Again this needs to be concise. The key issues area pulls together the now analysis (the general review and SWOT analysis).

5. Vision

The vision is the *first segment of the where analysis* and should include the core values of the business together with some of the visionary aspects of what the business will look like. If you have utilised the drawing techniques in developing a corporate vision I would suggest that the drawing of the company should be included at this location. Guard against too much "motherhood" information at this point and also information which is too precise. Once you get into specified timelines and exact numbers you are starting to move away from the vision into more specific areas of the objectives or goals. There is time to treat the goals or objectives later in the plan. At this time, the vision should just merely be a broad picture of the organisation at some future point in time. The ultimate picture of the organisation. Obviously, if a workshop has been carried out, then this material would be available directly from the workshop.

6. Business Statement

The business statement defines what business you are in, in terms of products/services, customers/clients and activities. It is essentially an extension of the vision but starts to become more specific in the terms of product, customer and activities. It defines the business that the organisation is going to be in to achieve its vision. It is a critical statement in terms of focusing the business on its core. This segment of the plan is where you would talk about the segmentation of clients and customers for the future and what services you intend to provide those customers.

In a workshop you may use the products/services and customer/client groupings matrix to help you segment the market if you haven't done any segmentation prior to the workshop. You could also use a product portfolio analysis to help you define which products or services you are going to concentrate on for the future, however, I tend not to use a product portfolio analysis in an actual workshop. Another way to get the business focused on some of the issues at this point would be the following questions;

1. Define your "A class" clients that you are going to build the future of your business on.
2. What are the particular issues or challenges that these "A class" clients are going to have to confront over the next five years or so (the period of the plan)?
3. What products or services will they need to meet those challenges outlined in question 2?
4. Carry out an audit on those products and services and determine which of those listed at the answer to question 3 you are going to concentrate on over the next five years.
5. What activities will you engage in, in creating and/or delivering the product or service?

As you can see the answer to this question really does develop the business statement for you and can be a relatively quick and easy way of focusing a group in a workshop. However, you will need to do more specific work in this area after the workshop for eg. a full blown product portfolio analysis etc.

7. Sustainable Competitive Advantage

The sustainable competitive advantage is that winning edge that is going to differentiate you and give you a winning position against people who are basically in the same business as that which you have defined in your business statement. Obviously this again will come directly from your strategic planning workshop if one has been carried out.

8. Objectives

Goals and objectives are specific measurable outcomes which are in line with your vision, business statement and SCA. What are the specific measurable outcomes that you are looking for over the currency of the plan? Generally, I would recommend about 5-8 key objectives being highlighted at this point. I will often ask a client that the question, "If you look back on this business plan process in say five years time how will you know that the process has been successful?" The answer to that question is quite often the starting point for developing the objectives. Objectives also may fall out at various stages of the workshop or any data gathering process that you embark upon. You need to be tuned into those right from the outset of the process. What are the specific measurable outcomes the client is looking for? Again, I emphasise that they must be specific and measurable in terms of quantities and/or timelines. It must be patently obvious whether the objectives have been achieved or not. Vague statements of desire are nothing more than a vision and they belong in that heading. The objectives are a very critical part of this entire process and pull much of the vision, business statement and SCA together in very succinct form. The tightness or otherwise of the objectives will also have a very significant impact on the development of strategies. If, for example, you set very aggressive objectives, this may immediately eliminate some strategies which are simply not capable of producing the level of results that you specify in the objectives area. Equally, objectives should not be set based on past history but more on what the business really wants to target for the future. Objectives should be challenging but believable and achievable. If they fall short on any of these two requirements then this may cause significant problems.

9. Options

Options are the broad strategic options available to a company to achieve the objectives outlined. An example of options would include say, in the case of an AFL Football Club, to merge or to go it alone. Those are two prime options that need to be communicated as part of the plan. Options do not have to be mutually exclusive, as merge or go it alone would indicate, but should be the broad options that you have considered in developing your strategies. I don't always include options in every business plan that I do and you would need to make the assessment yourself as to whether or not options would be relevant to your particular plan. To that degree options are optional. I do nonetheless, find it useful to at least brainstorm some options with the client to get them to think a little bit broader about some of the strategies available to them before actually concluding on the final strategies. Again this area should be very concise and need only be in bullet point format.

10. Strategies

The strategies are the broad focus that the company sees as being the best strategic options available to it to achieve its objectives. Strategies should be rather broad statements of position in the market place. They are half way between vision/goals and action plans. They are too broad to be considered action plans but too focused to be true visions or goals. They are definitely action orientated but not specific enough to be real action plans. If you are working in a large company or a company that has several divisions you might find that the broad strategies for the corporate entity may in fact become the vision for the divisions. It's a cascading down effect in such organisations.

Strategies need to be clearly delineated from action plans the latter of which are very specific actions that can be acted upon virtually immediately, whereas a strategy is a longer term positioning. If I were to use an accounting analogy, which I won't, it is a very similar set of circumstances between an asset and an expense. The asset being the unexpired portion of the expense. This is not an entirely accurate analogy for strategy and action plans but it is very close and may give you a better understanding of what I am talking about.

I varied what I call the Christmas card strategy. Some years ago, I had some clients in a series of workshops and this series of workshops concluded about 3 or 4 weeks before Christmas. On the final workshop I got all the small businesses to stand up and present their business plan and more particularly their strategies for the success of the business. Almost two thirds of the businesses stood up and said one of their strategies was to send Christmas

cards to their clients. While there is nothing wrong with sending Christmas cards to clients, this is not a strategy but an action plan. It is an isolated event that really has no value in repositioning the organisation for the longer term. If they had of come back to me and stated that the strategy was to focus on their existing clients or customers and accordingly they see the major strategy is to develop an ongoing contact program, one part of which was the sending of Christmas cards, then I would have been happier with the strategy.

11. Action Plans

As indicated above, the action plans should be the specific actual items flowing from the strategies. What are the highest priority items having regard to your SCA and strategies outlined previously. In a workshop, we use the SCA to rank the key issues and develop project teams. The project team briefs should be recorded here with specific timelines. It would be appropriate to insert a gant chart at this point and those actions could be spaced out over say a 2 or 3 year period as to what the actions would be. However, please recognise that these actions (especially those nominated 12 or more months ahead of time) may not be completed as scheduled because the findings of the earlier project teams may cause the priorities to change and therefore the actions also have to change. But when presenting plans to AusIndustry or the Banks they often like to see action plans scheduled out over a number of years. As the project teams report back the results of the project teams could be used then to update elements of the business plan such as the general review and report back on achieving your objectives and strategies. Obviously, as new teams are established the action plans would change on a regular basis. Equally, as new issues arise from the project teams they would be added to the key issues list and re-ranked. We need then to see that the action plans are having a clearly discernible impact on the objectives outlined earlier.

Hopefully by reading the suggested contents of this document you will understand how the document could be made to flow and to tell a story about the business. I would attach the financial budgets and forecasts and any other detailed work in the appendices and refer to the appropriate appendices throughout the document. If possible it can be very useful to show the key financial information in diagrammatic form such as pie charts and graphs and this could be included in the body of the plan providing there is not too much of this information. Adding colour to these charts can make the plan considerably more readable and this should be a prime objective for anybody putting such a document together.

12. Financial Statement and Budgets

Include Financial Statements and Budgets showing your assumptions and ensuring that they are logical, realistic and achievable. Where you have used benchmarking information, this should be summarised as part of the explanation about the basis of your assumptions. Make sure that the cashflow effect of your plan is addressed.