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Strategic Planning for an Even More Successful Year

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Nothing is more vital to your company than a sound strategic plan. It communicates a unifying vision to all in the organization while optimizing resource allocation.

Strategic planning should not be confused with a formal business plan. Although there may be some overlap, a formal business plan is normally prepared for outsiders, while a strategic plan is strictly for internal use.

The traditional approach to strategic planning is top-down: upper management determines company goals then drives action plans via delegation to achieve the goals. The problem with this typical approach is lack of buy-in from the troops, which means goals are either not achieved, or many unnecessary hurdles occur.

At Meridian, we utilize high involvement planning where every level of the organization is involved in the strategic planning process. A typical planning team includes a store clerk, a driver, a dispatcher, a customer service person, etc. as well as the usual owner, controller and top management. We use people from all levels of the organization for one simple reason – it's effective.

Strategic planning can be boiled down into four steps:

1) External analysis

2) Internal analysis

3) Planning assumptions

4) The Plan

In the two analysis sections, using Meridian's SSOT approach is highly effective. SSOT stands for Strengths, Strengths to Develop, Opportunities, and Threats. By using these four criteria for each subsection of the analysis, you will clearly identify your company's position.

External Analysis – Consider economic, market, legal and regulatory factors as well as your competition. Employment rates, potential new development and trends in key industries are outside market forces that need to be included in your SSOT analysis. For competitors, be sure to think about future as well as existing competitors in terms of operations, financial position, sales and marketing, organization and personnel as well as technology. A great deal of information can be obtained through sources such as D&B, your state's corporation commission, or even your local chamber of commerce.

Internal Analysis – Analyze your operations, financial position, sales and marketing, organization and personnel, as well as technology areas.

Within operations, examine your delivery system, fixed assets, inventory, paperwork efficiency, billing and collection efficiency. Next, assess your profitability, liquidity, cost and availability of capital and financial controls. When looking at the sales and marketing side, customer satisfaction, customer retention, market penetration, image and appearance, product line and pricing strategies should each be SSOT analyzed.

Next, take a hard look at your employee satisfaction levels, and training and development of people including cross-training.

Objectively rate your communication channels and their effectiveness. Internal communication can make or break a company. Remember to do an SSOT analysis of management, including succession planning. Do you have all the worst-case scenarios covered? Finally, technology must be considered. Is it current, efficient and cost-effective?

When completing your internal analysis, identify your company's top five strengths and weaknesses. Go to work immediately capitalizing on the strengths and eliminating the weaknesses.

Planning Assumptions – Putting your planning assumptions in writing is the next critical step. Use the following "fill-in-the-blanks" to get started with your assumptions:

- We must <_____> to survive!
- We must <_____> to become more profitable.
- We must <_____> to produce more cash.
- <_____> is why customers buy from us rather than our competitors.
- We expect <_____> to happen in our marketplace this year.

You should expand upon this list to include any and all critical assumptions that will drive your strategy.

The Plan – With all of your homework done and your planning assumptions in place, you are now ready to develop your company's strategic goals. Keep in mind that your goals must be specific, measurable, and attainable. For instance, a goal of "improve our customer service" sounds nice, but how will you know when you've accomplished it? Instead, consider, "we will retain 100% of our "A" customers."

For each goal, determine the financial impact including costs and benefits. Then develop an action plan for each goal including steps, deadlines, and a specific person responsible. As you work your plan, remember that persistence counts. Important (your plan) is always more critical than urgent (your daily fires).