

Developing an Effective Strategic Plan

Strategic planning is not a daunting task, gaining insight into where you are now, where you excel, and where you don't is where most of the effort lies. Once that information is collected, compiled and presented, the vision of the future has clarity. The actual planning of the various strategies to direct your team in meeting your growth objectives is the fun part!

What defines an 'effective strategic plan'? It's a plan that:

- Clearly defines short-term, medium-term, and long-term objectives.
- Reinforces the company's mission and vision, illustrating how these align with achieving objectives.
- Addresses the needs of all company departments.
- Provides guidance that enables decision-makers to align their choices with the plan.
- Offers detailed objectives, facilitating the development of marketing, sales, engineering, and operations plans.
- Is documented and published, remaining adaptable as short-term achievements and new insights influence the pursuit of medium and long-term goals. The strategic plan is a dynamic document requiring regular review and updates by all stakeholders.

To develop an effective strategic plan, thorough understanding of current conditions is crucial:

- Sales figures from the past five fiscal years, detailing total bookings, top five customers per year, bookings by market segment and product, region, and order size.
- Accounting data over the same period, indicating top and bottom five customers by profitability and payment performance, profitability by market segment, product, region, and order size.

The research and data above is not a comprehensive list. There may be others to add or there may be others more pertinent to your operation. The primary goal of obtaining the data is to identify areas of success and potential challenges within the organization.

After reviewing past performance data, the question to ask is whether or not the data is as expected or comes as a surprise to the group. If it is as expected, strategic planning will have a strong footing to help ensure success. If it is a surprise to many, it may be useful to discuss and understand it as a group before participating and contributing to a strategic plan.

When defining objectives for a strategic plan:

- Objectives should be aligned with the company's mission and vision.
- They should be stated clearly with measurable outcomes to gauge success or failure.
- They should have a time frame or a target date for completion.

Understanding the difference between strategy and a strategic plan:

A strategy outlines the means by which a strategic objective is achieved.

- One of your strategic plan goals may be to increase sales by 10%/year and the strategy to achieve that goal is to become your industry's most trusted supplier.
- A strategic plan aim may be to double business in five years with the strategy of identifying and aggressively pursuing new customers that profile similar to your top existing clients.
- To become a sales leader in a market segment, the plan might focus all marketing efforts on that industry and adjust pricing strategies.
- A plan goal of reducing dependency on a specific industry could entail reallocating sales resources to other segments.

This phase of strategic planning involves listing multiple strategies per objective, prioritizing them based on their likelihood of success, and establishing criteria to evaluate outcomes on an agreed to timeline.

Additionally, operating with success/failure criteria clarifies data compilation and review frequency, such as bookings or sales leads by specific market segments per month.

In my view, the responsibility for the strategic plan falls under business development, ensuring data collection, maintaining strategies, and scheduling regular plan reviews.

The strategic plan's primary benefit is improved communication:

- When all departments understand and support the plan's goals and direction, the organization is better positioned to achieve its objectives.
- Alignment among team members enhances efficiency and effectiveness in pursuing shared goals.

Strategic planning, based on knowing where you've been, is the best tool to keep you company heading in the same direction, and towards where you want to be.