Strategic Planning for Small Businesses

By Donald Rhodes

The importance of ongoing planning for an existing business cannot be underestimated in these turbulent economic times. Yogi Bera’s statement, “If you don’t know where you are going, you will wind up somewhere else,” is probably true of most business owners. That somewhere else may be out of business.

Strategic Planning is a change-oriented process that allows businesses to perform a periodic reassessment of where they are and where they are going with respect to their business operations. The outcome of this process will provide a plan of action to respond to changes in the business environment. This plan will also give the formal forward direction for the business, aid in the decision making process, and should provide for an improvement in the overall business performance.

Small business owners should always be looking at ways to adapt to changes in the environment. The current condition of the business and the level of preparedness to respond to the forces of change are important indications of a businesses’ ability to survive and thrive during any economic cycle.

It is advisable for a business to conduct such a planning process on an annual basis. The key players in the business may wish to begin this vital process by looking at the strengths, weaknesses, opportunities, and threats of their enterprise. The time frame required to respond to these forces should also be factored into any proposed action plans. The planners should also develop a long range plan (5-7 years) for the company. This longer range plan will serve to create a vision for the company and will allow the leaders to channel their resources toward the achievement of those actions that will lead to a realization of the vision in the long term.

The analysis phase will allow the key players to look not only at the internal operations of the company but also the external environmental factors and competitive forces at work in their market. From this analysis the leaders of the business will be able to determine their key competencies that will allow them to achieve success in their endeavors. As well, this process will allow the team to focus on weaknesses in the business that may pose serious threats to its survival.

The goal statements for the business will capsule the basic statements of “This is what we want to do”…and “This is who we want to be.” The strategies will focus on how the business is going to get to that place they are trying to go. In essence, the process for attaining those goals will be realized through the action items.

Within the Mission Statement will be embodied a concise statement of the general nature of the company in clear broad words that describe the company. This in essence communicates the company’s purpose for being and may also share some core values that distinguish the company from other similar companies.

The goal statements will be specific measurable items to be achieved in pursuit of the company’s vision. While these goals should be challenging, they should also be realistic and obtainable. It is important that these items are communicated throughout the organization. If there is not buy-in on the part of all employees of the organization, the plan just may be a nice idea that is not achieved by the organization.

This strategic planning process is an ongoing vital component of the operational phase of successful companies. Therefore, it is important to build in feedback loops to allow for a continuous flow of information to facilitate the evaluation of the goals of the company so that corrections may be made during the appropriate timeframe. From time to time it may be necessary to make changes during the actual performance phases of operations to adapt to changes.

In making the commitment to pursue this important planning process, business owners may want to recall some other words of Yogi Berra when he said, “You've got to be very careful, because if you don't know where you're going, you might not get there.”

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