

1.1 Creating a business strategy – planning for the future

A good strategic business plan will play an integral role in achieving your overall goals, short or long term objectives and detail key performance indicators to measure your progress.

A strategic business plan will take you from “where you are now” to “where you want to be”

This fact sheet is divided into two sections:

- Starting your business and the business planning for your startup phase; and
- Strategic business plans for businesses that have already been operating.

For both groups, however, there is some fundamental advice:

- Remember a business plan is a working document – you need to use clear purposeful language and have succinct measurable objectives. Don’t use flowery language; it’s not a marketing document.
- Keep the plan “tight” – ensure it is concise, balanced, clear and logical.
- Focus on facts and information from credible and reputable sources. Validate, validate and validate.
- Remember plans “age” and you need to get it into action as soon as practicable – so make plans adaptive to changing circumstances. Make future assumptions that are logical and make sensible changes if its not performing.
- Collect and analyse as much relevant information before putting it down on paper. Get advice.

Starting out in a business

Its essential to write a business plan when starting out – it allows you to formalize your business goals, how you will manage your business, how you will market you business, how the business will operate and be financially supported.

There is some excellent information on the following websites:

- [NSW Small Business Business.Gov.Au](#)
- [Qld Gov - Smart Small Business](#)
- [Ninemsn - Money - Small Business](#)
- [Flying Solo - Advice for Small Business](#)

Strategic Business Plans

You have been operating in your business and its time to re-evaluate the future – what is the aim of your strategic business plan – is it to grow, consolidate, downsize or even exit. Understanding why you have commenced this planning process is the first important step.

Now that you have your aim for the plan, there are a number of areas you need to cover:

Your Mission

A statement that clearly defines the primary purpose or reasons for your existence. It's the statement that flows through to define the type of organisational competencies you need to deliver the service or product and shapes the organisational values under which you and your staff will operate.

- What products and services do we deliver?
- Where and when do we deliver our products and services?
- Which customer groups are our primary groups?
- Where are our primary customers?
- What tangible value do our products and services deliver to customers?
- What is our competitive advantage?
- What additional community and environmental benefits do we generate?

Core Organisational Competencies

Which core organisational skills and competencies do you need your business to have to achieve your vision?

Organisational Values

What core values must be imbedded in your business to establish a culture capable of achieving your vision?

Long Term Goals and Objectives (Vision)

State your businesses long term goals. It is helpful to arrange them into key performance areas – financial, customer and market performance, internal efficiency and effectiveness, innovation, etc.

When formulating goals and objectives write clear, concise action-orientated goal statements. For each goal make sure it is specific, measurable, action-orientated, achievable, affordable and time bound. For example – *“By 30 June 2009 to construct and commission a world-standard production and delivery facility capable of producing >20 metre road bridges per month for direct installation into the local road system.”*

These goals are designed to take the business to its next level of performance and keep it there!

Structural Review

The following areas of the business should be reviewed to ensure alignment to the vision and that each area has the core competencies to deliver:

Management Structure – does information and communication flow effectively throughout the business? Does the structure provide proactive “management” to the areas of your business?

Business Cycles – what is the current business cycle? What is the performance of the business? What are the business stakeholders and what are the relationships? What are the locations of the business? What is the businesses competitive strengths and weaknesses?

Market Analysis – what are the industries economic, critical success factors, key risks and competitiveness, compliance and standard requirements, emerging trends and key technologies? What is the market share? What are the sizes of the target markets and are they growing and why?

Product/Services Review – what are our products/services key strengths and weaknesses? What are our opportunities and threats? What is our competitive advantage? What regulations, standards and codes must be complied with? What is the product/service life cycle? Do you need a research and development budget? Do you have a specific production and delivery function/area? What key issues do you have in producing and delivering your product/service? What key issues from producing and delivering the product/service would impact on the supply chain of the business. How can you improve the supply chain capabilities and capacities?

Marketing – what strategies do we have in place to market the product/services? What strategies will we need to guide the development and branding activities? What's the marketing budget?

Business Systems and Processes – this area supports and drives business performance? What are the issues (strengths, weaknesses and gaps) within the area? What strategies can you review to improve performance? What risk management activities are undertaken? What quality management activities are undertaken?

Human Resources – what are the issues (strengths, weaknesses and gaps) of you current employees to be able to meet the vision? What attraction, retention and development policies are in place to manage labour requirements? Are employees performing at the level required? What is the engagement (morale) like of your employees? What strategies have been implemented to ensure the right skills/competencies are in place to meet the vision? Do you complete formal workforce planning to keep pace with the demands of the business?

Risk Factors and Regulatory Compliance – overall what are the key risks to the business and its performance? Quantify risks by assessing the gravity of their impacts on the business? What regulatory compliance requirements across each area of your business is there? Do you complete audits to ensure compliance? These are typically – corporate governance, taxation, superannuation, employing staff, occupational health and safety, trade practices, intellectual property rights, environment issues and the privacy act.

Financials – what's the cash flow forecast and the operational budget forecast? What strategies and plans have been formulated to cover profit and loss, balance sheets, investment requirements and related performance targets.

Key Performance Indicators (KPI's)

For each of your focus or performance areas you need to develop KPI's so that each specific area of your business and therefore the supervisor/manager and their staff, understand the goals and objectives they are required to meet to support the vision.

This area should also cover how these KPI's will be implemented and when they will be reviewed and reported on.

There is some excellent information on the following websites:

[Strategic Business Coach](#)
[Business Victoria](#)
[NSW Small Business](#)

Related Links and Resources:

Business Succession Planning
Small Business Management
List of local Practitioners to assist you (see www.tamworthregion.com.au)

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