



BizWise Management Services

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The Right Planning Approach

Introduction

It is now essential for businesses seeking to be more customer focused, commercially orientated and innovative to be effective in strategic and business planning.

The days of running a successful business “by the seat of your pants” or simply “doing the same because that’s the way we’ve always done it” are well and truly gone. Business success no longer relies on simply economies of scale and scope. Previously, success came to those that offered the efficient mass production of standard products. However, competition has increased and margins diminished over time, creating a whole new business arena.

The latter decades of the twentieth century have seen the emergence of the information era. Businesses could no longer gain sustainable competitive advantage just by deploying new technology into physical assets rapidly and through excellent financial management. The information age requires new capabilities and skills for business success. Being able to exploit other tangible or invisible assets is now more decisive than simply investing and managing physical assets. These intangible or invisible assets allow a business to:

- Develop customer relationships to build customer loyalty and enable the exploration and exploitation of new customer segments and markets to be served efficiently and effectively;
- Allow the introduction of new innovative products desired by customers;
- Produce customised high quality products and services at low cost with fast speed to market;
- Utilise employee skills and motivation for continuous improvement in processes, capabilities, quality, service and response time; and
- Rapidly deploy and utilise information technology and systems.

In this new environment, strategic and business planning plays a key role in ensuring business success. Strategic and business planning is not simple “pie-in-the-sky” theory which looks good but achieves nothing. If implemented and sustained properly, it is an invaluable tool in sustaining and growing business competitive advantage and shareholder value.

Strategic and Business Planning

There are some key steps for utilising strategic and business planning to build effective, successful businesses. Whatever your stage of business development or position, you will find some useful points to improve your business.

The key steps are:

1. **Vision and Mission** - The initial phase in planning is to create your vision and mission for the future and then convert them into key overall objectives.
2. **Market Analysis** - From these key objectives, you need to analyse your markets, products, current position and capabilities and trends.
3. **Gap Analysis** - You can then identify gaps between where your organisation is actually heading and where you want to go.
4. **SWOT Analysis** – Your overall evaluation of your current position and likely future prospects can then be crystallised into something more tangible through a “strengths, weaknesses, opportunities and threats” (SWOT) analysis and statement. This is especially useful when tested against possible scenarios using “what if” analysis.
5. **Targets and Strategies** – Having completed the preceding steps, targets, measures and strategies to achieve them need to be specifically defined. Cause and effect analysis is particularly useful here, as you need to be aware of the total effect on your business with any strategy or target. That is, you need to know what effects any new strategy or target will have on other facets of your business.

This high level view can be further broken down into the various components necessary to ensure effective strategic and business planning.

Businesses need to focus in the right areas to improve efficiencies, effectiveness and ultimately shareholder value. This entails focusing on the more important functions, processes and/or products and achieving the optimum “trade off” between service levels to be provided and the costs incurred in providing those levels.

The Team Approach

Someone once said, “A champion team will always outclass a team of champions”. This is as true for business as it is for sport. It is extremely important to build a team approach to strategy and planning and to ensure that all divisions, business units, members and staff of the business are signed on, not just management.

This is achieved by formulating the strategic and business plan in harmony with divisional/business unit planning and budgeting. By ensuring that the overall strategic and business plan sets the parameters for divisional planning and budgeting, and utilising “feedback loops”, the overall plans can influence the divisional plans and ensure continuity and harmony.

The following diagram depicts the ideal deployment and reconciliation process to ensure harmony between overall and divisional planning and budgeting.

The Balanced Scorecard

Developed by Robert S. Kaplan and David P. Norton, the Balanced Scorecard allows businesses to deploy agreed strategic and divisional plans. The Balanced Scorecard ensures that intended outcomes and measures are appropriately balanced against all the interests of key stakeholders in the business.

A sample balanced scorecard appears below:

The Balanced Scorecard				
Focus Areas	Key Objectives	Key Strategies	Key Measures	Key Targets
Shareholders				
Customers				
Staff				

The purpose of the Balanced Scorecard in this context is to create the framework for action to ensure that the strategic and business planning comes to fruition.

BizWise Management Services

BizWise Management Services has a proven track record in assisting businesses realise their goals by creating value through innovation. Our associates can assist you in facilitating your strategic and business planning.

If you would like to learn more about strategic and business planning or would like any other assistance, please do not hesitate to contact us.

Contact

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