

Strategic Planning for Small Businesses

1.1 Introduction

Welcome to SBA’s online training course: Strategic Planning for Small Businesses.

SBA’s Office of Entrepreneurship Education provides this self-paced training exercise as an introduction to strategic planning. You will find this course easy to follow and the subject matter indexed for quick reference and easy access. It will take about 30 minutes to complete the course. Additional time will be needed to review included resource materials and to complete the suggested next steps at the end of the course.

As audio is used throughout the training; please adjust your speakers accordingly. A transcript and keyboard shortcuts are available to assist further with user accessibility.

The highlighted Next Steps at the conclusion of the course will help you apply what you have learned and engage you in the process of strategic planning. When you complete the course, you will have the option of receiving a completion confirmation from the SBA.

1.2 Course Objectives

After completing this course, you will be able to:

- Differentiate between strategic planning and other types of planning
- Explain the purpose and importance of strategic planning
- List pre-work steps for strategic planning
- List the typical steps in the strategic planning process

1.3 Course Topics

This course will cover three topics. These topics will illustrate how strategic planning can improve your business’s success:

- What is strategic planning?
- How does strategic planning work?
- What can I do to make my strategic plan successful?

Additional resources are identified to assist you. Visit the resource icon in the course player or locate additional tools, templates, and mentors on SBA.gov once you finish the course.

Let’s get started!

1.4 How Is a Strategic Plan Different from Any Other Plan?

Creating a strategic plan involves establishing a strategy your business will follow over a set period of time. It can be specific to one area or generalized for the business as a whole. For example, your plan may address only your marketing strategy. A strategic plan is not a business plan. Business plans are typically for new businesses, particularly those seeking investors. A business plan makes an argument for the viability and need of your business; it does not establish a long-term direction for your business. Strategic planning should establish goals and action plans for growing your business.

1.5 The Importance and Purpose of Strategic Planning

There is nothing more important than establishing goals for your business, and strategic planning is a good vehicle for doing so; however, it can be a waste of time if not done properly. Strategic planning must be viewed as a tool and not a goal. Often, businesses spend time crafting complex strategic plans that do little to establish a clearly stated direction for their employees. A strategic plan should not consume your valuable time and resources. Rather, a strategic plan should help streamline business practices and boost employee productivity. Strategic planning enables you to take control of your future and provide a workable framework for expanding your business intelligently. Ideally, a strategic plan will provide long-term clarity and focus. Strategic plans are not just for big businesses. Small businesses can benefit tremendously, boosting their productivity, expanding their markets, and becoming more significant contenders in their industries.

1.6 Benefits of Strategic Planning

Some of the benefits associated with creating a strategic plan include:

- Control costs
- Increase margins
- Facilitate growth
- Position to survive economic downturns
- Determine if needed resources are available
- Compete in a competitive marketplace
- Impress investors
- Keep lenders apprised of development
- Use as tool to sell, merge, or buy a business
- Facilitate formation of strategic alliances
- Recruitment tool for key executives
- Use in public relations and marketplace credibility
- Use as the basis of a business plan

1.7 Overview of Strategic Planning

A good strategic planning process is one through which leaders define and implement a strategy to achieve the company's goals.

The output of a strategic planning session includes:

- High-level objectives (such as critical improvement areas)
- Initiatives (action plans for achieving objectives)

Every employee should know the strategy and his or her place and role therein. A strategic plan should be a living document, revised at regular intervals, depending upon the changes in your industry. The strategic planning process should be open and flexible. It should encourage new ideas and be designed to challenge assumptions and the status quo and be communicated to all staff members and key stakeholders. Therefore, additional benefits of strategic planning include:

- Improves communication
- Increases knowledge of company and market
- Cultivates teamwork

1.8 Stakeholders

Stakeholders in the strategic planning process include:

- CEO
- Board members or key investors
- Key managers
- Admin assistant for notes and details

Expectations of stakeholders include:

- Commitment
- Information
- Communication
- Time
- Continuity
- Honesty

1.9 Pre-Work

There are a few tasks that should be addressed before beginning the strategic planning process.

- Begin with a situation analysis in which you establish a basis for action. Ask, “Where are we now? How can we quantify that position? Where are our competitors? How can we quantify that position?”
- You should also establish clear and consistent focus for the strategic planning meeting. This could include a list of objectives, a clear agenda, a schedule, and expectations for included stakeholders.
- You must have a platform for involvement of team members. If all of your stakeholders are centrally-located, then this should be as simple as gathering in a conference room or office. If your stakeholders are not centrally-located, then you will have to consider other options such as teleconferencing, video-teleconferencing, or virtual meeting solutions.
- Similar to the platform for involvement is a method of communication. How will team members communicate with each other? Once again, co-location can simplify this problem; however, you will want a record of important conversations and decisions.
- Lastly, before you begin, you should establish success criteria. What do you expect your strategic plan to look like? How will it be documented and communicated?

1.10 Components of the Strategic Plan

There are several components of a good strategic plan.

- The first component is a business purpose, vision, or mission statement. This statement should sum up the essence of what you are trying to achieve as a company.

- The second component is organizational goals or objectives. These are the ends to which your efforts are aimed.
- The third component is strategies for reaching your goals. What approach will you take to meet the goal? This part changes frequently if a strategy is not helping you meet your goal and should include built-in checkpoints for re-evaluation.
- The fourth component is actions to implement strategies. This will include specific, measurable activities.
- The last component is a monitoring plan. It is important to remember that follow-through is imperative for a successful strategic plan. You should include benchmarks, checkpoints, and milestones in your monitoring plan.

1.11 Strategic Planning Process

Now let's discuss the actual strategic planning process. As you work through the process, remember to include opportunities for review and iteration. The strategic planning process may take a while in total, primarily through testing for viability. You want to make sure that the goals you have set and the plans you have established for reaching them are plausible and that other stakeholders in your business are willing to work toward them.

1.12 Purpose, Vision, or Mission

The first step in the strategic planning process is reviewing or creating a purpose, vision, or mission statement. This is a good opportunity to revisit your statement and make sure it still aligns with your business.

1.13 Establish a Focus

The next step is to determine the focus of the plan based on critical needs. Use the situation analysis from your pre-work. Where is your business now? Where does it need to be?

1.14 Develop Key Objectives

Develop key objectives to reach over 1–3 years. One way to establish these goals is through an open brainstorming session. Nothing is irrelevant, but everything can be streamlined and organized later. Ask yourself, “Do we have it? Do we really want it?” Then, preserve, eliminate, avoid, or decide to achieve each item depending on the answers to those questions. Select the “Objectives” puzzle piece to learn more.

1.15 Key objectives

Possible areas for your objectives include:

- Leadership development
- Process improvement
- Market development
- Product/service development

1.16 SWOT Analysis

When establishing objectives, you should use SWOT analysis to provide clarity and focus.

Don't be intimidated by the technical-sounding term. Preparing a SWOT analysis is actually very simple. The acronym just stands for “Strengths, Weaknesses, Opportunities, and Threats.” The idea behind this exercise is to describe your company’s strategic position in those four areas. What are the greatest strengths and weaknesses of your company? Where do you see your most promising opportunities? What competitive threats do you need to avoid or overcome to take advantage of those opportunities?

Start your SWOT analysis by describing the strongest aspects of your business. What do you do best? What unique or enviable resources do you have that give you a competitive advantage? Understanding your strengths will enable you to focus on them so you can maximize your advantages over your competitors.

Describe your company’s shortcomings as clearly and honestly as you can. Don’t be embarrassed about this. Every business has weak points, and acknowledging yours is not a sign of weakness itself but a signal that you are committed to improvement. Think about the missing ingredients that threaten to keep your business from reaching its full potential. Weak areas need to be identified and shored up, not glossed over.

Now shift your focus outward from your company to the market and customer base that you serve. What opportunities do you see just waiting for the right company to come along?

Finish your SWOT analysis by identifying the major outside threats to your business. What challenges do you face? What potential threats are keeping you up at night? The better you are at identifying threats, the better positioned you will be to respond to them.

1.17 Establish Key Indicators

Next, create key indicators to measure progress toward objectives. These will actually be quantifiable. For example, “Increase Internet sales by 10%.” If your plan does not help you achieve this goal, then it needs to be revised.

1.18 Identify Initiatives

After you have established key indicators, you will need to identify initiatives that will enable the organization to meet the objectives. How will you achieve your goal? What tasks need to be completed and by whom?

1.19 Communicate Your Plan

After you have completed your plan, you will need to communicate the plan throughout the organization. This is a very important piece of the process. If you do not have buy-in from all people involved, your plan will not get far; after all, you will be depending on others to help implement the plan.

1.20 Review and Adjust

You will need to conduct periodic reviews to ensure that initiatives are progressing as expected and determine whether they are achieving objectives. This is where your milestones come in. You should have an idea of the pace at which you will progress toward achieving your goals, and you should ensure that the pace is maintained.

Take action when necessary to get back on track. If you find that your pace has not been maintained, figure out how you can get back on track. The longevity of your plan depends on monitoring and maintaining the plan.

1.21 Documentation

After you go through the process of developing a strategic plan, you should document it in a streamlined fashion for easy reference and distribution. This can be achieved through a simple document in which you:

- State your purpose, vision, or mission
- State key objectives or goals
- State initiatives through which your objectives or goals will be achieved
- State performance indicators for each objective or goal.

A table format, a simple narrative, or a more in-depth document can all serve this purpose.

1.22 Course Summary

That was a lot of information about some relatively complex concepts. Let's review.

- Strategic planning is different from other types of planning because it helps you establish a goal for the future and an action plan for achieving that goal. For example, strategic planning is different from business planning because it is an iterative process that you refine continuously rather than a plan you create at a specific phase of your business.
- Strategic planning is important because it enables you to set a direction for your business, either in an overall sense or within a specific area.
- Before you begin your strategic plan, you should complete an analysis to benchmark your current status, establish a focus for your strategic plan, establish a platform for participation, establish a method of communication, and define success criteria.
- When you are ready to begin your strategic plan, start with a mission statement, re-visit your plan's focus, establish objectives for your plan, identify quantifiable indicators of success, identify initiatives for achieving your objectives, communicate your plan to others in your business, periodically review your plan, and take action when necessary to get your plan back on track.

1.23 Next Steps

Now what should you do? Follow these steps to begin your strategic planning process.

Step 1: Identify a focus for your strategic plan

Step 2: Gather stakeholders

Step 3: Create your strategic plan

Strategic Planning Guidelines: <http://bit.ly/WMXaBu>

Step 4: Document your strategic plan

Step 5: Monitor your strategic plan

1.24 Resources

SBA has a broad network of skilled counselors and business development specialists. Below is a short description of our resource partners:

- There are more than 1,000 Small Business Development Centers located around the country. SBDCs provide management assistance to current and prospective small business owners.
- SCORE is a powerful source of free and confidential small business advice to help build your business. More than 10,000 SCORE volunteers are available to share their experience in lessons learned in small business.
- Women’s Business Centers assist women and men in achieving their dreams by helping them start and run successful businesses. Some 90 WBCs are located around the country.
- SBA has over 60 district offices located throughout the country to help you start and grow your business.
- SBA’s Small Business Learning Center is a powerful virtual campus with online training, videos, tools and links to local resources.

Find your local resource using our handy ZIP code tool. LINK: <http://1.usa.gov/1kihdhJ>

1.25 Have a Question?

Have a question?

- Call SBA – 1-800 U ASK SBA (1-800 827-5722)
- Email SBA – answerdesk@sba.gov
- Locate a SCORE counselor, SBA district office near you, or an SBDC office near you at www.sba.gov/local-assistance
- To provide feedback, comments, or suggestions for other SBA online content, please use the following email: learning@sba.gov

1.26 Certificate

Congratulations on completing this course. We hope it was helpful and provided a good working knowledge on how to create a strategic plan. Click the certificate to receive a course completion confirmation from the U.S. Small Business Administration.

2.1 A.C.T. NOW!

The Article, Course and the Tools below are related to the course you just completed. They are provided to help you take action on your path to entrepreneurial success. You can also get in-person assistance for all of your business needs through a local resource center. And if you liked the course, please help spread the word by sharing it with your friends!

[Click here to share on Twitter](#)

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[Click here to share on Google+](#)

[Click here to share on Facebook](#)

Read an SBA Article.

The *Strategic Planning Guidelines* article helps you study and define your business' direction.

LINK: <http://bit.ly/WMXaBu>

Take Another Course.

The *How To Write A Business Plan* Online course explains the importance of business planning, defines and describes the components of a business plan, and provides access to sample plans and resources to help you develop your own business plan.

LINK: <http://1.usa.gov/1hYCURr>

Try a Tool.

The SBA *Business Plan Tool* provides you with a step-by-step guide to help you create a business plan.

LINK: <http://1.usa.gov/1kG9tbp>

Find local assistance!

SBA has a broad network of skilled counselors and business development specialists.

LINK: <http://1.usa.gov/1kih dhJ>