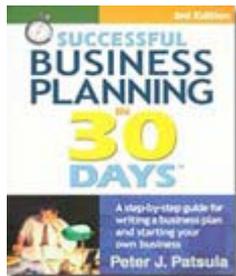


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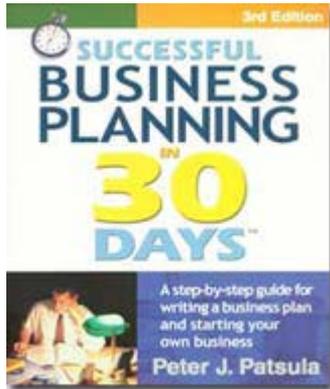


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# PERSONAL PLANNING

## Guidebook #39:

### *Establishing a Long-term Strategic Plan* ..... 3

### Organizing a Strategic Planning Session.....4

### Running a Strategic Planning Session..... 11

A) Assessing Your Current Situation ..... 11

B) Redefining Your Mission Statement ..... 14

C) Redefining Your Long-term Goals..... 15

D) Quantifying Your Long-term Goals..... 17

E) Establishing Tactical Objectives..... 18

F) Delegating Responsibilities ..... 21

G) Monitoring Progress ..... 21

FIG. 1 – Strategic Plan Progress Report.....24



## ***ESTABLISHING A LONG-TERM STRATEGIC PLAN***

**DURING** stages of rapid growth, things can easily get out of control, especially if adequate planning and control measures are not implemented. It is thus important to utilize what has become known as “Strategic Planning.”

Strategic Planning is a process by which you and key people in your organization assess its current situation, redefine your company’s mission statement, decide what you want the business to look like in say 3 to 5 years, and then map out a course to bring you from where you are now to where you want.

More specifically, it seeks to identify how to take advantage of your company’s strengths, eliminate or reduce your weaknesses, capitalize on opportunities and emerging trends, and take defensive steps to reduce growing threats.

## ORGANIZING A STRATEGIC PLANNING SESSION

AN EFFECTIVE Strategic Planning session does not just happen overnight. Without adequate preparation including the delegation of pre-session responsibilities and the collection of data pertinent to assessing the state of affairs in your company, it will likely produce feedback of little value, and worse yet, may give rise to improperly founded conclusions which could lead to disaster. Thus, once a session date has been decided upon, the following preparations should be made:

**Determine what kinds of data are necessary to make a complete analy-**

*Steering a business by financial controls alone is not enough.*

**DANIEL H. GRAY**

**sis of the internal and external environment of your company.** This data collection and analysis should begin early, at least a quarter or so before you begin the formal planning session. Areas of data collection might include:

- industry trends
- local or regional economic outlooks
- national economic outlooks
- new competitive pressures
- new technological developments
- sales and profit projections
- statements regarding the financial condition of your company

**Delegate pre-session responsibilities.** Responsibilities should be assigned

to key data collection areas. Other responsibilities you might consider delegating could range from photocopying documents to booking a caterer and hotel room.

**Set-up special groups to tackle and prepare for some of the more difficult problems.**

Whether you need to do this or not will depend of course upon your circumstances.

**Appoint someone to be the facilitator of the group.**

A good group facilitator can go a long way to lessening the time spent on unimportant issues. The person you choose should be impartial, observant, patient, an excellent listener and results oriented.

*To get the creative juices flowing, it is usually best to get away from your place of business.*

**SUPERTIP**

**Appoint a scribe.** Appoint someone who can capture the essence of what the group agrees to and write it down.

**Establish a decision making protocol.**

The decision making process has a habit of making itself up as it goes along. This is great for pure brainstorming sessions, but not so good at sessions that need to post tangible results. Thus, to expedite your Strategic Planning session, it is a good idea to establish beforehand some rules or guidelines to clarify how you plan to go about making decisions.

In general, these rules will center around keeping groups from getting out of hand, encouraging individual creative input, and at the same time moving matters

along to produce results at the end of the day.

More specifically, some guidelines you may want to consider include:

*Creative input is desirable* – The cornerstone of generating large amounts of raw creative input is a technique known as brainstorming. Brainstorming is a process designed to overcome adverse pressures toward conformity or group thinking. It does this by focusing on idea generation among

## What to Do if Your Group Becomes Stonewalled?

IF YOUR GROUP becomes stonewalled, you might want to use something called the “Nominal Group Technique.” In the Nominal Group Technique, all group members are physically present, but work independent of each other. To begin with, the problem or issue is clearly stated by the group facilitator. Each person then writes down his or her ideas relating to the problem, during which interpersonal communication is kept to an absolute minimum (no brainstorming or discussion is allowed). Members then present their ideas one at a time. Each idea is added to a master list being kept by the group scribe. Once all original ideas have been exhausted, the master list is then trimmed of weak ideas. Each member then silently and independently, rank-orders the consolidated list. The final decision is determined by selecting the idea with the highest aggregated ranking. Attractive features of the top three or four solutions may also then be fitted or blended into the overall decision.

group members with the understanding that all evaluation and criticism of ideas will be initially withheld. In other words, no solutions, no matter how far off the wall, will be immediately discarded.

In a typical brainstorming session, the group facilitator sets the problem or issue in clear simple terms. The members then list as many alternative solutions as they can for a set period of time, letting one idea freely feed the next. Although easier said than done, at no point does anyone attempt to eliminate solutions.

*Conformity of opinion is not desirable* – People have a desire to be accepted, be seen as team players and appear competent (i.e., not say anything too

stupid). However, if these desires are met, although this is a great starting point for creating world peace, it can often lead to dangerously uninspired solutions to serious business problems.

Groups, working with the best of intentions, and with the purpose of eliminating unnecessary conflicts, should thus not go overboard and bring unnecessary social pressures to bear on rebel thinkers. In other words, beware the evils of pacification. The generation of diverse raw input along with diverse problem solving approaches and solutions is the standard all should strive for.

*Full participation of all members is essential* – Since group decisions are often carried through more effectively and en-

*Beware the evils of pacification. The generation of diverse raw input along with diverse problem solving approaches and solutions is the standard all should strive for.*

thusiastically than orders from “on high,” it is imperative that every member of the group feel a part of and feed into the decision making process (this will be part of the tough job of being the group facilitator). Even a technically superior decision may fall flat when input from key players instrumental to its implementation are ignored in its development.

*Overbearing egos are not essential*

– Groups are composed of personalities who not only contribute different information and view points, but who also have a tendency to take on different group roles. Frequently one or more of these personalities will assume leadership and dominate group discussion, despite the presence of a designated group facilitator. This should be discouraged, especially if the dominant indi-

*Even assertive individuals of sizable talent, should refrain from dominating discussions.*

vidual is of less than stellar ability. Even assertive individuals of sizable talent, should refrain from dominating discussions.

*Results are imperative* – Even the most seasoned group of individuals can be very inefficient users of time when compared to a single executive. Quick, decisive action in the face of crisis is seldom the hallmark of group decision-makers. Thus to keep your Strategic Planning session rolling along, the group facilitator, along with the cooperation of all group members, must filter-out and avoid topics that don’t need serious discussion.

**Anticipate equipment needs.** Normally, to solve a problem, it is necessary to index its many features and parts, and then be-

gin arranging and rearranging the parts until you identify areas that appear to be receptive to solutions. To aid this process you will need organizational and communication tools such as flips charts, oversized paper, whiteboards, felt tip markers, an overhead projector and masking tape or thumbtacks for tacking up flip chart pages around the walls of the room as needed.

**Prepare an easy to follow “Strategic Plan Agenda.”** A Strategic Planning session will usually extend over two days (possibly a weekend). Beside the items outlined below, your agenda should also schedule times for breaks and meals.

### DAY 1

- Opening Comments

*A Strategic Planning session will usually extend over two days (possibly a weekend).*

- Review of Agenda
- Review of Completed Analysis of External and Internal Environment
- Analysis of Strengths, Weaknesses, Opportunities and Threats (**SWOTs**)
  - Rewriting of Mission Statement
  - Setting of Long-term Company Goals
  - Quantifying of Long-term Goals

### DAY 2

- Setting of Tactical Objectives to Support Long-term Goals
- Prioritizing of Objectives, Delegation of Responsibilities & Setting of Target Dates
- Discussion of Strategic Plan

## Coordination and Monitoring

- Closing Comments
- Company Party (optional)



*Achieving  
growth goals of-  
ten takes longer  
than initially  
planned.*

**POWERPOINT**

## ***RUNNING A STRATEGIC PLANNING SESSION***

YOUR STRATEGIC Planning session should deal with in detail each of the following seven essential areas:

### **A) Assessing Your Current Situation**

A Strategic Planning session starts with everyone in the planning group taking a good look at all the internal and external factors impacting on your company, both past, present and future. More specifically, this means that you must recognize the strengths, weaknesses, opportunities and threats that will contribute either to the success or demise of your business.

*Meetings are indispensable when you don't want to do anything.*

**JOHN  
KENNETH  
GALBRAITH**

### **Identifying Strengths & Weaknesses**

- 1. Look at how your company operates.** Consider factors like your location, facility, equipment, efficiency of order processing, and all the other functions that are part of your business. Ask questions like: Is our equipment up-to-date? Can we deliver when we say we will?
- 2. Look at your financial position.** Consider factors like your bookkeeping method, cash flow, sales revenues and profits. Ask questions like: Do we get enough current information from our bookkeeping system to tell us where we stand? Does our cash flow cover the bills and pay our salaries?

- 3. Look at your staff.** Consider factors like staff turnover rate, sales performance records, and customer service. Determine where individuals are personally the most effective: product development and packaging, sales and customer relations, dealing with professionals, technical design, or handling idea. Ask questions like: Are people on our staff happy and satisfied with their jobs? Would we like to do business with our sales people and support employees?

*The advantages and disadvantages of using groups for decision-making, weigh differently against each other in different situations. However, one fact that remains is that decisions made by groups tend to be more accurate and creative than those made by individuals.*  
**POWERPOINT**

strengths and weakness of a firm that specializes in providing fresh, wholewheat baked goods for local retail and wholesale clients.

### Strengths

- We have excellent quality control for everything we manufacture because of our personal standards and modern facilities and equipment.
- We have a well set-up bookkeeping information system that helps us keep track of our performance so we can make better

decisions.

**EXAMPLE: Strengths & Weaknesses of Bonachelli's Bakery –**  
The following example outlines the

## Weaknesses

- Some members of our baking staff need more training.
- Another salesperson would help increase and improve business.
- Sometimes delivery is later than promised.
- The market does not always seem to know how much healthier our whole grain products are over enriched white flour products.

*The key to successful strategic planning lies in following the advice contained in the following two maxims: whenever you undertake a new business venture or expand into new territory, you must start small and think big; and ask yourself each and every moment of the planning process, who is my market, what can I sell them, and how can I make them want to buy.*

**SUPERTIP**

## Identifying Opportunities & Threats

1. **Look at your competition.** Consider factors like their location, market share, facilities, equipment, services and products. Ask questions like: Does our competition sell higher quality products? Are we losing customers to them?
4. **Look at local and national economic conditions.** Consider factors like housing starts, retail auto sales, real disposable personal income, unemployment rates and any other factors than may signal a change in the future demand for your goods and ser-

vices. Ask questions like: Will the resulting increase in unemployment reduce our sales revenues? Will the resulting new by-laws allow us to expand our existing location?

### 5. Look at emerging trends.

Consider factors like new technology, new markets and changing spending habits of your customers. Ask questions like: How can we use the following new technologies to improve our products? How will the following new technologies make our old products obsolete?

*The secret of business is to know something than nobody else knows.*

**ARISTOTLE  
ONASSIS**

**EXAMPLE: Opportunities & Threats of Bonachelli's Bakery** – The following example outlines some opportunities and threats facing Bonachelli's Bakery.

### Opportunities

- Jasper's Bakery down the street has just moved to a new location. We may be able to win over some of their old customers.

### Threats

- The opening of a new fast-food restaurant near our location is reducing the amount of doughnuts we sell.
- Bad wheat harvests in the last two years, and dangerously low wheat reserves will likely send flour prices skyrocketing.

## B) Redefining Your Mission Statement

The second part of your planning session

seeks to realign your company's statement of purpose or mission statement, based on any new visions you or your group members have for your future. To determine what new visions you might have, decide what is important to your business: good service, respect, product quality, fairness, loyalty from staff, etc. Once you have identified your company's business values and beliefs (as well as your own), along with key ideas brought out during your assessment of your current situation, you will have a useful framework from which to begin rewriting your mission statement.

### C) Redefining Your Long-term Goals

The next phase of your planning session is

*A committee is something that keeps minutes but wastes hours.*  
**ANON**

to select and then prioritize anywhere from 8 to 15 new long-term company goals that your organization must achieve significant results in, to achieve the kind of growth desired. Long term company goals are realistic, challenging and attainable statements of where you want your company to be in 3 to 5 years following the direction outlined in your mission statement. Many of them will likely address your company strengths, weaknesses, opportunities and threats as listed in the first part of this session. They will function as starting and organizational points, to make it easier to process, prioritize, allocate resources, and coordinate related tactical objectives. Examples of long-term goals you might decide upon include:

- Arrange for any needed financing as

anticipated by growth projections.

- Arrange for the orderly retirement and transfer of ownership and control from present owners to potential owners.
- Beat the competition.
- Build new plants or warehouses.
- Capitalize on emerging trends.
- Capitalize on location, parking and other physical facilities.
- Enhance insurance coverage to protect us from increased vandalism.
- Enhance the quality of products and Services.
- Foster repeat business.
- Function at peak efficiency within cur-

**Long-term Goal:** *Arrange for any needed financing as anticipated by growth projections.*

rent organizational structure.

- Get the most out of present legal structure.
- Improve distributor or supplier relationships.
  - Improve efficiency, productivity and customer service.
  - Improve financial condition.
  - Improve internal communications.
  - Improve labor relations, human resource development and personnel training.
- Improve methods of gathering and allocating company resources.
- Improve public relations.

- Improve the effectiveness of advertising and promotions.
- Increase market share within area by 10% in 6 months.
- Increase sales 4% by year's end.
- Increase retail and restaurant sales of products by 20% by the end of the next fiscal year.
- Increase revenues.
- Open new retail locations.

## D) Quantifying Your Long-term Goals

After your long-term goals are agreed upon, the next phase of your session is to quantify those that are overly general and vague and make them more meaningful from a practical point of

view. This means giving a general goal, a more specific results orientated description. Three examples are illustrated below.

*Tackling is more natural than blocking. If a man is running down the street with everything you own, you won't let him get away. That's tackling.*

**VINCE  
LOMBARDI**  
*Coach for Green  
Bay Packers*

**Example 1** – The goal “Foster Repeat Business” could be described more specifically as:

“We will foster repeat business at our retail outlets by becoming highly customer-oriented, making it easier for customers to find what they want, offering more competitive prices, and by training our employees to make sure that customer's needs are truly satisfied and that each leaves with the feeling that they would enjoy coming back.”

**Example 2** – The goal *Improve Financial Position* could be described more specifically as:

“We will improve our company’s financial position by finding ways to increase our liquidity, solvency and profitability to the following target values: By Dec. 31, 1998, we want to achieve a working capital position of \$\_\_\_\_\_, a net worth of \$\_\_\_\_\_, and a pre tax profit margin of \$\_\_\_\_\_.”

**Example 3** – The goal *Increase Revenues* could be described more specifically as:

“We will increase revenues by generating new customers, expanded sales to existing customers, acquiring other related businesses, opening new branches, marketing

new products & services, and investing income to achieve \$\_\_\_\_\_ in Revenues by Dec. 31, 1998.”

## E) Establishing Tactical Objectives

*After your long-term goals are prioritized and quantified, you are ready to establish tactical objectives to support them.*

After your long-term goals are prioritized and quantified, you are ready to establish tactical objectives to support them. Tactical objectives are mini objectives, usually of a short-term nature, aimed at supporting your long-term objectives or goals by specifying how, when, and what you need to do to achieve

those goals. Most of your tactical objectives will originate from your previously compiled list of strengths, weaknesses, opportunities and threats. Except that they will be made more realistic, specific,

measurable, consistent and time limited.

For example, if your long-term goal is to “Increase Sales by 10% in the next year,” some tactical objectives you might implement to achieve this goal might be to:

- Change company logo (remove a legal threat).
- Change marketing or advertising theme (take advantage of an opportunity).
- Change salary program for sales people from fixed salary to variable salary based on their sales (correct a weakness).
- Develop and market a new service (take advantage of an opportunity).

*We are not managing this company for the next quarter. We are building it for the next generation. **SAMUEL C. JOHNSON** Chairman, S.C. Johnson and Sons Inc.*

- Emphasize the competitive advantage of Bonachelli’s Bakery products in all promotional materials (correct a weakness).
- Establish a sales campaign with meaningful incentives (take advantage of an opportunity).
- Identify a specific market you have been successful with and develop a target marketing plan to penetrate that market (capitalize on a strength).
- Improve customer relations with major restaurant clients through increased personal contact (correct a weakness).
- Introduce a more competitive pricing structure (remove a competitive threat).

- Produce and market a new product (take advantage of an opportunity).
- Retrain sales staff or replace weak sales staff (correct a weakness).
- Revise traffic flow of store (correct a weakness).

**EXAMPLE: Tactical Objectives for Bonachelli's Bakery** – The following is an example of some tactical objectives for overcoming the weaknesses, opportunities and threats facing Bonachelli's Bakery as discussed earlier.

### Tactical Objectives

- Develop training programs and quality performance standards.
- Hire a salesperson who can sell and

*Microsoft's only  
factory asset is  
the human  
imagination.*  
**FRED MOODY**

service accounts.

- Evaluate why delivery is sometimes later than promised. Where are the problems coming from? Make necessary changes.
- Develop a positioning statement to show the competitive advantages of Bonachelli's whole grain products.
- Launch a special 10% discount promotion (proof of purchase required) to attract old customers of Jasper's Bakery.
- Reduce our selection of doughnuts and instead, include some healthy sandwich alternatives
- Try and get a contract with a supplier that will guarantee a set price for the

next year.

## F) Delegating Responsibilities

Once you have established tactical objectives for each of your goals, you will need to prioritize these objectives, assign responsibilities and establish target dates. However, while doing so, it is important to consider two things:

1. how each objective will impact your revenues and expenses – and hence your monthly cash flow and yearly budget
2. how long each of the delegated employees feels it will take to complete an assigned objective

Obviously, an objective of great importance but equally great cost may have to

be implemented gradually as your budget allows, or perhaps put on hold indefinitely.

Likewise, it is important not to get too overly ambitious at assigning target dates. You should allow the recipient of the delegated responsibility to tell the group how long it will take, and then within reason, accept that as the target date.

*To be great is to  
be misunderstood.*  
**EMERSON**

Remember that in most cases, your employees already have a full day's schedule and little spare time.

If they are not given sufficient time to achieve the objectives assigned to them, the plan may quickly be viewed as impossible to accomplish and will relegate itself to uselessness.

## G) Monitoring Progress

Once responsibilities have been delegated,

the final phase of your Strategic Planning session should focus in on the implementation of some kind of system to keep track of the progress of each of the tactical objectives and the overall affect of the Strategic Plan.

This means that you should:

- discuss a written format for the plan
- appoint someone to write the plan
- set a date of completion
- decide who should handle the monitoring of the plan to keep everyone advised when shortfalls or reforecast situations arise
- set up any additional checks and balances to ensure that the most critical

*The key to success for Sony, and to everything in business, science and technology for that matter, is never to follow the others.*  
**MASARU**  
**IBUKA**  
*Founder of Sony*

objectives of the Strategic Plan are carried out as scheduled

At this time, you should also agree as to how the results of this session will be communicated to the rest of the employees in your organization. Below is a possible format for organizing a written version of your strategic plan:

### TITLE

1. Cover
2. Table of Contents (lists all long-term company goals)
3. Mission Statement
4. Strategic Planning Progress Reports outlining all Tactical Objectives for each Long Term Company

Goal (see **page 23**)

## 5. Status Reports of Individual Objectives

### Using a “Strategic Planning” Progress Report

A form very similar to the “Project Planner Form #6” in Guidebook #8 can be designed to help you organize the results of your Strategic Planning session. This redesigned form is illustrated on **page 23** at the end of this guidebook.



*Management by objectives works if you know the objectives.*

*Ninety percent of the time you don't.*

**PETER F.  
DRUCKER**

## STRATEGIC PLAN PROGRESS REPORT

**Goal – #3**

*“Increase Revenues”*

**Date – 4/1/99**

**Description –** *We will increase revenues by generating new customers, expanded sales to existing customers, acquiring other related businesses, opening new branches, marketing new products & services, and investing income to achieve \$\_\_\_\_\_ in Revenues by Dec. 31, 1996.*

TACTICAL OBJECTIVE	Starting Date	Target Date	Task Assigned To	STATUS	P
<i>Change company logo</i>	2/21/99	3/21/99	Larry Sanders		<b>1</b>
<b>Notes:</b> <i>Completed as Scheduled</i>					
<i>Change marketing or advertising theme</i>	3/1/99	8/8/99	Jack Benny		<b>3</b>
<b>Notes:</b> <i>Advertising slogans need executive approval</i>					
<i>Introduce competitive pricing structure</i>	2/21/99	4/7/99	Carl Lewis		<b>2</b>