

Yes, Strategic Planning Does Matter for Small Businesses

If you have ever been to a small business seminar or heard a guest speaker on how they use strategic planning, you probably came away disillusioned. Strategic planning is something we all do, but because we do not often formalise it we never really know whether it is working or not. To the small business entrepreneur, strategic planning seems a remote “Ivory Tower” concept best left to PLCs, Consultants you cannot afford, and Government initiatives that never reach their targets. It does not have to be like that.

What do you do for strategic planning and why should you do it? Decide where you want the business to be in, say, 5 years’ time and how you believe this can be achieved. For example you might want to be the biggest lawn care company in Kent by using a special incentive for your operators and guarantees to your customers. Not exactly rocket science, but if it can work for lawnmowers it will probably work for you. Objectives are key, so state them. If you do not know where you are trying to go, you cannot know if you have succeeded or not, or to put it another way, if you do not keep score, you are only practicing.

So, say you want to be the biggest lawn care company in Kent, with target turnover of £40,000 per employee, debt of “X”, hours worked by you per week of “Y” and a customer satisfaction rating of “Z”. These are your strategic objectives for the next 5 years. Now you use your innovative approach (employee incentives, speed of response, guarantees, or whatever) to achieve each. This requires good records, regular monitoring, and corrective action. One company in Kent sets an objective of the founder spending 3 months abroad and 3 days a week working while not abroad plus growth in profits of X%. Another example of strategic objectives is an automotive parts business that wants £250,000 in the Company Pension Scheme and all three of the founder’s children in the management team so that the business can be sold to them in seven years’ time.



Strategic objectives like these require profit and asset targets: a “good year” is not like last year only better, it should be defined as meeting your goals.

Of course only you can make it happen, but try to decide what you want to happen and you will be far more likely to achieve it.

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