DANGER – THE BRIDGE IS OUT!



* Despite our best minds, something might still be missing in the business. It is apparent that what we are doing is not working as well as it should, and we might need to do more.

* Danger looms, and bridges are out ahead. "What kinds?" you ask? "Which ones?"
* Despite this bad news, there really is good news – there might be some opportunities instead – it’s up to you. It’s how you describe what’s ahead.

It’s time for strategic planning. So, let’s get started.

**Strategic Planning and Review**

Strategic planning—is management speaks for long term future planning. Strategic planning concerns anything that will bring results in anything from 1 year to 5 years or beyond. It’s good management practice to raise your head above the daily grind every now and then, and take action to positively affect the future.

It's easy to focus only on the day-to-day running of your business, especially in the early stages. But once you're up and running, it can pay dividends to think about longer-term and more strategic planning. This is especially true as you take on more staff, create departments within the business, appoint managers or directors and become distanced from the everyday running of the business.

Conducting strategic business reviews will be particularly useful if you feel:

* Uncertain about how well the business is performing
* Unsure if you're getting the most out of the business or making the most of market opportunities
* Your business plan may be out of date—you haven't updated it since you started trading
* Your business is moving in a direction different to the one you had planned
* The business may be becoming unwieldy or unresponsive to market demands
* It is also useful if you have decided that your company is ready to move on to another level.

A good starting point for your business performance review is to evaluate what you actually do:

* Your core activities,
* The products that you make or services that you provide.
* Ask yourself what makes them successful, how they could be improved and whether you could launch new or complementary products or services.

Key questions about your products or services—it's useful to address these questions:

* How effectively are you matching your goods and services to your customers' needs? If you're not quite sure what those needs are, you could carry out further market or customer analysis.
* Which of your products and services are succeeding? Which aren't performing as planned? Decide which products and services offer both a high percentage of sales and high profit margins.
* What's really behind the problems of a product or service? Consider areas such as pricing, marketing, sales and after-sales service, design, packaging and systems during your business performance review. Look for 'quick wins' that give you the breathing space to make more fundamental improvements.
* Are you conducting frequent financial management reviews? Are you keeping a close enough eye on your direct costs, your overheads and your assets? Are there different ways of doing things or new materials you could use that would lower your costs? Consider ways in which you can negotiate better deals with your suppliers.

SWOT Matrix

SWOT analysis provides a snapshot of the business position at a specific point in time. A SWOT analysis is a business strategy tool that is designed to help mangers make decisions in light of the internal and external environment in which their companies operate. SWOT represents:

* S = Strengths
* W = Weaknesses
* O = Opportunities
* T = Threats

Strengths and weaknesses are often internal to organizations, while opportunities and threats generally relate to external factors. For this reason the SWOT Analysis is sometimes called Internal-External Analysis and the SWOT Matrix.

Using SWOT as a management planning tool provides business owners and managers with an objective approach to stating their company’s current position. It also assists them to develop areas of competitive advantage as well as those that require urgent attention.

The best management models have four quadrants, and the SWOT matrix is no exception. You can use each of the four quadrants in turn to analyze where you are now, where you want to be, and then make an action plan to get there.

The SWOT Matrix

|  |  |
| --- | --- |
| **STRENGHTS****GOOD NOW****Maintain, Build, Leverage** | **WEAKNESSES****BAD NOW****Remedy, Stop** |
| **OPPORTUNITIES****GOOD FUTURE****Prioritize, Optimize** | **THREAT****BAD FUTURE****Counter** |

Regardless of whether you or your team are future planning for specific products, work, personal or any other area, the SWOT analysis process is the same.

**Step 1 – In the here and now:** List all strengths that currently exist in your business. Then in turn, list all weaknesses that exist now. Be realistic but avoid modesty!

**Step 2 – What might be:** List all opportunities that exist in the future. Opportunities are potential future strengths. Then in turn, list all threats that exist in the future. Threats are potential future weaknesses.

**Step 3 – Plan of action:** Review your SWOT matrix with a view to creating an action plan to address each of the four areas.

**SWOT Analysis Example**

SWOT analysis of a Growing Internet Business that employs mostly contractors:

|  |  |
| --- | --- |
| Strength* Low salary and benefits overhead
* Quick to respond to market changes
* No hierarchy means quick decision-making
 | Weaknesses* Existing workload too great
* Non-existent project planning
* Missing expertise in several key areas
 |
| Opportunities* Need to increase market share
* Could convert existing products for new market
 | Threats* Contractors have little loyalty
* Larger competitors traditionally get majority market share
* Cost of technology investment
 |

In summary:

* Strengths need to be maintained, built upon or leveraged.
* Weaknesses need to be remedied or stopped.
* Opportunities need to be prioritized and optimized.
* Threats need to be countered or minimized.

Action Plan

* **Strengths** – Maintain low overhead by changing pay structure to balance pay with performance based bonuses

* **Weaknesses** – Implement project planning system and follow it

* **Opportunity** – Test new market with one existing product

* **Threats** – Include contractors in performance based bonus scheme

Not too complicated. The SWOT matrix is a useful tool for strategic planning and achieving your goals, individually or with a team. It is a relatively easy—and a great team building exercise. Just try one out and involve your employees in the exercise. Remember use their hands as well as their “minds.”

SWOT TEMPLATE

|  |  |
| --- | --- |
| Strengths* What do you do well?
* What unique resources can you draw on?
* What do others see as your strengths?

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* Where do you have fewer resources than others?
* What are others likely to see as weaknesses?

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| **Opportunities*** What opportunities are open to you?
* What trends could you take advantage of?
* How can you turn your strengths into opportunities?

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* What is your competition doing?
* What threats do your weaknesses expose you to?

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When this has been completed, develop a plan and enter dates alongside each action item. This will provide the focus to get things done. It is the beginning point of developing your strategic plan.