

# Marketing Instincts

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## Strategic planning, or the art of driving with a road map



A few words of wisdom from Hugh Latif: "You could be at the wheel of a beautiful Ferrari but speeding in the wrong direction."

It comes as no surprise that the BDC consultant describes *strategic planning* as a "road map to reach your destination."

"If you're doing well in your business, you want to have a plan to stay on course. If you're facing obstacles, you want to know why," he says. "Are your problems momentary or a trend? Is there an industry-wide symptom? Is it the strategy or the execution? Is it the execution or the driver?"

Latif, who has extensive experience in the field, would first like to clear up a misconception among business owners who think strategic planning is best left to large companies and corporations. "It's really the process of developing and maintaining a viable fit between your company objectives, resources and market opportunities," he says. "Your plan doesn't have to be a giant document. In fact, the content of a strategic plan is entirely influenced by the size and complexity of your company." For readers who might confuse a strategic plan with a business plan, he offers this clarification. "Your strategic plan is your overall umbrella, which could include several business plans addressing aspects such as HR, finance or operations."

So what can small and medium-sized businesses expect to see in a strategic plan?

### **Organizational Structure**

One of the first topics on the list for Latif is a company's organizational structure. "Your structure evolves historically. You add chairs to the bus as you need them. But at some point, you really need to know where you're going," he says. Typically, for example, entrepreneurs may have everybody in the company reporting to the owner. "I think what's key today is structuring your company so that you can delegate strategy. You want your senior people to help you bring the strategy from the top and integrate it throughout your company," he emphasizes.

### **People Resources**

A strategic plan will also address important aspects of the business such as "people resources," says Latif. "You may need new talent and feel that you can't afford it. But you don't have to buy the movie house because you want to see the movie," he says. Many entrepreneurs fail to realize that they can build their teams with outside consultants and get their expertise without full-time hiring. As well, companies can build alliances and strategic partnerships to reinforce their existing resources. "This enables you to expand and penetrate new markets and share the risk involved," he says.

### **Critical Success Factors**

Along with having the right people resources in place, a good plan will also include critical success factors – the essentials that you need to get to where you want to go. "Most people know where they want to go. It's how to get there that poses problems," adds Latif. A strategic plan enables companies to map out their tactics one step at a time. "It won't be a straight line. You have to think progressively and establish milestones toward your destination," he says. Latif also points to strong leadership as a critical success factor in a strategic plan. "It's not a democracy that you're running. A leader takes charge and sticks to a strategic plan while building buy-in and team involvement," he says.

Another important priority for Latif is having an outside facilitator involved in strategic planning. "This can take away some of the pressure. An outside source can give you an objective viewpoint, help you resolve conflict and ensure your people respect their goals and commitments," he says. The BDC consultant recommends that entrepreneurs make good use of specialized experts who have in-depth knowledge of strategic planning.

### **Investments and Capital Requirements**

"If you're pumping water slower than the tap is filling, eventually you'll be in trouble," emphasizes Latif. Strategic planning also deals with ways of maintaining capital in your company, whether it's used for buying equipment or simply keeping money in the bank for tougher times. What's vital today, he says, is being innovative with your financing and applying some "outside the box" thinking. "You have to realize that an interest rate is not the only thing to assess in your bank relationship. You have to look at the overall relationship and how you're benefiting from it on the long-term," he says.

### **Objectives and Rewards**

For Latif, the performance of employees is a make or break factor for success. So naturally, you have to reward them to remain loyal to your company. "You have to ignite in people a real desire to get the job done," he says. A sound strategic plan outlines your reward tactics, whether it's putting bonuses in place or simply maintaining ongoing, open communications with employees. Entrepreneurs should also consider rewarding employees for "strategic wins" such as penetrating a new market or gaining a new customer.

### **Timing, Priorities and Tracking**

Being realistic about expectations and making goals attainable are also an integral part of strategic planning. "Your employees have to understand your priorities, whether it's building your customer base or increasing revenues," says Latif.

Once your objectives are in place, it's also important to plan how you'll report and track your performance. Although entrepreneurs may assume that a good monitoring system is basically a financial statement, Latif believes that tracking and reporting goes much further than this. "You have to be sure you have information on productivity and quality achievements," he says. "Forecasts too enable companies to better see how they're doing."

### **Competitive Arena**

Most small and medium sized businesses do an assessment of their competitive market before getting started, but few do the proper follow-up, says Latif. "You have to make this assessment an ongoing process in your company," he says. "Check them out frequently, systematically and as thoroughly as you can."

In concluding, Latif believes that strategic planning is a vital tool for entrepreneurs today, no matter what the size. "Of course, improvising, quickly adapting and using your instinct are important to running a company now. But strategic planning can put you on the best route for improved business performance," he says.

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## The Strategic Planning Process In A Nutshell

