

Why Small Businesses Should Have a Strategic Plan



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Sometimes business success happens by accident. More often, it's the result of careful planning.

Many small business owners may believe that strategic plans are only for billion-dollar corporations. But if you aspire to become one of the big guys, you need a strategic plan with actionable steps that not only spells out where you want to go but also outlines how to figure out whether you're on the right track. If you want to work smarter — not just harder — you need a strategic plan.

What is strategic planning?

Strategic planning doesn't need to be overly time consuming. The plan itself doesn't need to be long — a few well-crafted pages is often enough. Your plan needs to articulate the overall purpose of your business, your company's desired results, and how those results will be measured.

The plan should envision where your business will be several years from now. If you're in a fast-changing market environment, three to five years is enough. But some plans stretch out to 10 years. It may be hard to think that far ahead, but you need a vision of what you want your business to look like in the future so you can anticipate potential roadblocks and how you'll respond to the competitive.

Strategic planning or business planning?

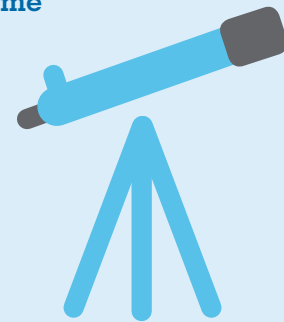
Strategic planning and business planning are often used interchangeably, but they are not the same.

Small business owners may be familiar with business planning because it is a necessary step when applying for bank loans. Business planning focuses on products and services that your company provides. Bank loan officers care about what you are already selling (or soon to sell) because that's how they're going to get their loans repaid.

But strategic planning is used to clarify the overall purpose and priorities of your company. For example, your strategic plan may map out a series of products and services that you want to offer years from now.

In other words, a business plan should be used to service a strategic plan.

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Components of strategic planning

You can write your strategic plan in whatever style you want. Just make sure your plan addresses these key elements:

- **Mission statement:** This is a broad, overarching expression of what your business is all about.
- **Values statement:** This lays out your company's core beliefs. Your values are a guiding principle and should not change.
- **Competitive advantage:** This states what your business does really well and lays out how your company has an edge over your competitors.
- **Vision statement:** This is the roadmap, the goals you have for the business over the next several years.
- **Action plan:** This explains how you will achieve those goals.
- **Financial assessment:** You'll be able to see if your strategic planning translates into financial performance.
- **Assessing progress:** Figure out how you'll measure progress toward the goals you've laid out.

Getting to work

In order for it to be a useful management tool, a strategic plan needs buy-in from key people in your company. Have a diverse, but core, team of managers and employees take a look at your plan and give you feedback. Think about their suggestions and show the team that you've incorporated some of them.

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While strategic plans are important management guides, they are not written in stone. As the market-place changes, go back and take a look at your plan. You may realize that your plan needs adjustment from time to time.

If you want to take your business to the next level, strategic planning is vital.

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