



9 Steps to Build a Winning Strategic Plan

Just as any professional sports team develops a strategy to win each game, a business must also have a strategy to succeed.

Welcome



Cogent's eBook Series

We are glad you chose to learn more about Strategic Planning.

This eBook is one of a series of eBooks we are issuing to help bolster the knowledge base of business owners.

All subject matter in our eBooks are the elements in business that affect your profit.

Cogent's Profit Platform

Cogent uses a Profit Platform model that outlines four main pillars of business that directly affect profit: SALES, PEOPLE, OPERATIONS, and MEASUREMENT.

Our Discovery Process takes a systemic approach to focus in on each of these areas to uncover profit opportunities in your business.

Cogent's Discovery Process

During Cogent's Discovery process, an expert business analyst dives deep into each of the four pillars of your business, which are reflected on the Cogent Profit Platform. Over the course of 2 - 3 days, our analyst will find opportunities that can improve profitability in your business.

Introduction

9 Steps for Building an Outstanding Strategic Plan

A strategic plan is one of the keys to producing excellent results and separate the company from its competitors in the market. Without one, the four pillars of your business: SALES, PEOPLE, OPERATIONS, MEASUREMENT - can not work in harmony to deliver profit. A clear plan sets a vision and enables better communication and a greater understanding and synergy between employees, leadership, and customers alike.

A useful plan should examine aspects such as analysis of the internal and external environments, the definition of goals, and monitoring the key performance indicators. Also, it is essential that there is steady and proper execution, enabling endless control of the results.

Whenever possible, implement the strategic planning process as an organization, with all the business departments involved, because many minds think better than just one. Having more people involved will help to cultivate better discussions and bring diverse points of view to the conversation, making the plan more powerful.

Nine Steps

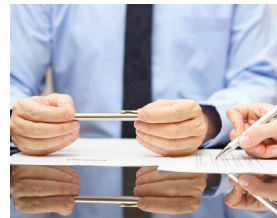


The strategic planning process consists of analyzing the situation of a business, developing a strategy and stipulating a step by step to fulfill it. By analyzing the processes that make projects come to life and understanding the market context, a business can easily promote changes to correct errors and get back on the profitability path.



Step One

Establish Organizational Beliefs



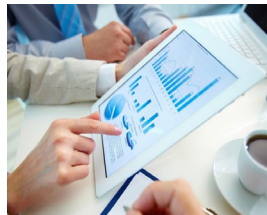
Step Four

Survey the company's market



Step Seven

Create a plan of execution



Step Two

Formulate a list of company's desired goals and objectives



Step Five

Recognize the organization's target consumer



Step Eight

Track the results



Step Three

Consider the organizations internal resources



Step Six

Determine a comprehensive approach



Step Nine

Assess the output



The organization's definition of mission, vision, and values must be known company-wide. This is essential for the plan to have long-term alignment as well as respect the company's beliefs. To better understand each of the concepts:

- **Mission:** Describes what an organization is, why it exists, and its reason for being. At a minimum, the mission statement should define who the primary customers are, describe the products and services the company offers to its customers, and outline the locations that the business will serve.
- **Vision:** The vision statement is a road map for a company, indicating what the company wants to accomplish by establishing a set direction for the business's growth. Vision statements should undergo small revisions during the life cycle of a business, unlike operational goals which can update from year-to-year.
- **Values:** Also known as corporate values or core values, these are the fundamental beliefs upon which the company and its behavior are based. They are the guiding principles that the firm uses to manage its internal affairs as well as its relationship with customers. These are the non-negotiable principles of the company.

Step One



Establish Organizational Beliefs



Step Two



Formulate a list of company's desired goals and objectives

Defining goals and objectives is the second step of planning. Establishing reasonable goals and objectives is essential. To do so, one must recognize that goals and objectives do not share the same meaning. Goals are statements that represent the future of the business, aligned with the organization's mission and vision. Goals are more extensive and are long term. Objectives are the intricately planned steps that the company must complete during the execution phase to achieve the desired goals. Objectives do not carry any subjective interpretation, and they must be measurable, attainable, and accomplished within a specified timeframe. In addition to that, the goals must follow a pattern known as SMART. They must be Specific, Measurable, Achievable, Relevant, and Time-bound.



Step Three



Consider the organizations internal resources

It is crucial to have a keen awareness of the company's internal resources; after all, much of the success of the plan depends on them. Factors such as motivated people, well-defined processes, quality products, control systems, company culture, and suitable facilities are of great value. Make a list of the key features that will be needed to achieve goals and objectives by performing a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis and evaluating each one of them. In the SWOT analysis, the S (Strengths) and W (weaknesses) are the internal factors. Strength is all that benefits the company, such as motivated people, cutting-edge technologies, and effective processes. A weakness consists of everything that can harm the business, such as outdated machines, disqualified professionals, and excessive bureaucracy.



Step Four **X**

Survey the company's market

A company must consider the external environment (market, regulations, competitors, etc.) after all, it dynamically and continuously influences the business actions. Issues such as financial emergencies, the emergence of new legislation, and changes in the habits of how customers/clients consume should be thought of in advance. For example, one suggestion is to separate the company's external environment (the market) into two primary categories: the macro environment and the task environment. The macro-environment is everything that is more abstract and distant from the company, such as legal aspects, general economics, or market trends. The task environment is represented by what is near, such as customers, competitors, suppliers, and regulatory bodies.



In many cases, the strategic plans target the end customer while trying to be involved with the customer's new buying decisions and retain them as an ongoing customer. Because of this, we need to give special attention to customers and understand their buying habits. The planning process can segment customers in four different categories:

- Geographic: City, State, country, etc.;
- Demographic: Age, gender, race, social class, etc.;
- Psychographic: Lifestyle, social values, worldview;
- Behavior: Attitudes, benefits sought, etc.

By understanding the target consumer, a business can draw a more active engagement strategy and a better marketing campaign.

Step Five



Recognize the organization's target consumer



Step Six



Determine a comprehensive approach

The comprehensive strategy refers to how the results are accomplished. Successful strategies help to create a competitive advantage, differentiating the company in the market place.

According to Michael Porter, there are three generic strategies:

- Differentiation: Seeks to make the company stand out from other companies by the quality of its products/services;
- Low-cost leadership: Aims to win the market by having the lowest price;
- Niche: Seeks to earn a small segment of the market (niche) by acting with focus.

The company should use the strategy that best fits its target audience and is in-line with the company's mission, vision, and values. One needs to keep in mind that a plan needs continuous revisiting, such as quarterly, semi-annually, etc., because the market conditions are always changing, with new competitors, new rules and regulations, substitute products, changes in demographics, etc. A company needs to have the capability to quickly assess the external business environment and its impact on the business to adjust the strategy as needed.



Step Seven



Create a plan of execution

The plan of execution indicates the tasks that must be done to accomplish the previously mentioned goals and objectives. Commonly, this plan is developed based on a tool called 5W2H, which represents these seven words:

- 5 W: What (what will be done?) – Why (why will it be done?) – where (where will it be done?) – When (when will it be done?) – Who (who will do it?);
- 2 H: How much (how much should it cost?) – How (how is it going to be done?)

A table with the solutions to these critical issues should be created so that the organization will have a backup document for the application of each plan's phases. In the end, the opportunity for success in execution will be even higher. The action plan should give clear directions for implementation. The action plan must prioritize the actions that will be implemented, with clear deliverables, levels of responsibility, and an appropriate budget and time frame.



Step Eight



Track the results

Tracking results is a way of observing whether everything is going according to plan — or if the implementation needs adjusting. Therefore, it is imperative to establish the tools that will be used to monitor and to train the professionals accordingly. Timelines and KPIs (key performance indicators) are good options for evaluating the progress of putting the plans into practice. Some of the most commonly used KPIs are:

- Level of customer satisfaction
- Absenteeism index
- Customer evasion (Churn)
- Profitability index
- Return on investment (ROI)
- On-time deliveries
- Gross Margin as % of sales

The choice of the ideal indicators will differ according to the final goal of each plan. If the intent is to attract and retain customers, for example, it is almost an obligation to monitor the level of customer satisfaction and Churn.



With the appropriate choice and use of Key Performance Indicators (KPIs), the results of the implementation of the strategy can be assessed and then the plan of execution can be adjusted or managed based on the results. Thus, it is possible to begin a learning process, creating a feedback loop that will promise improved results in the future by making constant improvements to the strategy and action plans. It is essential to record and archive the results obtained, ensuring that they can be seen in the future and that they can be incorporated into new corporate strategies.

Step Nine



Assess the output



A strategic plan is essential to achieve great results in growth and profit, and differentiate the company in the market. It sets the vision, establishes the goals and lays out the map on how to get there. It also sets clear expectations, fosters communication between functions and has all employees rowing in the same direction to achieve a common vision. Why would you not have a Strategic Plan?

The four pillars of Cogent's Profit Platform in any business are enveloped in a strategic plan. When all are working in synch, the possibilities are endless.

COGENT PROFIT PLATFORM



Summary



Cogent Analytics is a business management consulting firm. Established in 2014, we focus solely on small to mid size privately held businesses. We deliver powerful solutions with integrity and transparency and consider it an honor to serve the American Entrepreneurs who are truly the backbone of our country.

To learn more about Cogent's Discovery Process:

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