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WITH A POINT OF VIEW

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Business Planning that meets real Strategy



By **George Karlaftis***

Many strategic plans are not essentially strategic. They don't even have the context and content of a proper plan. There are procedures for the correct development of a Strategic plan. The fundamental preliminary stage of approaching a plan that involves strategy is to clarify the profile and mindset or mindsets of the Shareholders-Owners of the business.

Apart from Medium & Large Enterprises with a standard structure where the Board of Directors approves the recommendations of the CEOs, there is a hybrid level, especially in small and micro-medium enterprises where Directors or simply Executives who are employed are also co-owners, e.g. family members of the Owners. This often leads to problems due to the obvious confusion with moving between the different roles from routine operations, management etc. which leave no time and scope for real strategy. Owners also have to actively consent to a planning process and demonstrate this tangibly by participating in mixed project teams by giving feedback and especially by adopting the steps of an action plan themselves.

An approach to the phases of business planning

Regarding the strategic factors and the steps for a correct strategic plan or at least a correct tactical plan, we can mention the following steps which are simple and for this reason are also difficult:

The first step is to identify the Key Stakeholders who own and are responsible for the business processes. Some of them are also those who have shares (co-owners). It is important for stakeholders to separate the mindset from the rational approach in the strategic planning process, so that the result is reliable, realistic and measurable.

The second step is to identify and profile customers. Customers either other businesses (B2B) or natural persons (B2C) based on the existing commercial behavior and performance of the business determine the extroverted business goal as long as their transactions with the business generate revenue and contribute positively to the growth prospect.

The third step is the clear specification of how the demand from the customers - by Category (segment) - to the Business is dynamically formed and which of their needs are satisfied by the purchase of products or services. Two characteristics in the demand theme refer to the long-term or casual relationship with customers and loyalty, as well as whether there is seasonality in demand or a continuous flow of products to them. Other important parameters related to needs and demand are from which channels customers buy and what is their geographical spread either in the local market and/or abroad.

Also, the needs of the customers are specified in terms of their scope which determines their degree of dependence on the company, the repeatability and which needs are updated over time with a specific frequency.

Important parameters that further need to be taken into account in a plan and should be specified and included in the process of market development and the sales cycle are (briefly) Customer Education, Customer Loyalty, Customers' Culture & Culture-shift in the context of a Community or which proves its commitment to the company in all communication channels, while its members' comments always illuminate areas for improvement.

The fourth essential and critical step is the capture of the characteristics of the human resources and parameters such as Experience – Readiness – Training in the new Requirements (Abilities / Skills) - the moral and human Cohesion at the group level, and the catalytic role of HR, as well as the evaluation and reasonable control of the turn over phenomenon (departures and recruitments) at all levels.

The continuous and catalytic interventions of the Company on how its Executives should be listened to and actively participate in the formation of Objectives & Key-Results in a hierarchical bottom-up composition always reveals points that are "invisible" from the Management. Furthermore, in response to new trends dictated by new business directions, the active adoption of ESG (Environmental, Social, Governance) initiatives differentiates the old strategy from the new one.

The fifth step is to define the suppliers and define those characteristics that would ensure the terms of the supply chain if we are talking about products or even the services that frame the company's proposals and services in the market.

The sixth step is having a methodology for developing a plan. Remaining practical because there are various methodologies, we could very indicatively refer simply to the "Quantitative SWOT Analysis" developed by Terrence Metz through which it is possible in a quick and easy way to achieve consensus when developing a staff plan.

The seventh step is the continuous improvement of the plan which is required to reflect processes internal to the company but also at the level of extroversion such as market development and sales in their full cycle (BizDev, Sales, After-sales, Upselling/Cross-selling) including upgrades to products (new or improved) as well as expanded services. The continuous improvement of the plan emphasizes its implementation and timely evaluation in specific phases. The application requires an Action Plan segmented by functional units (in essence a number of action plans but which converge towards the mission and corporate goals) as well as a Scorecard or a set of representative KPIs.

Epilogue

Staff planning must be able to clearly "see" the forest but also distinguish the "tree", be measurable, segmented (with the aim that if something goes wrong, immediate focused corrective actions are taken) and follow a simple methodology avoiding the pitfalls of bureaucracy and unrestrained subjectivism since the right enterprise is judged by the spirit of groups within which, however, individual initiative can flourish. In this a truly strategic plan is a valuable helper.

**Founder/Entrepreneur*



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