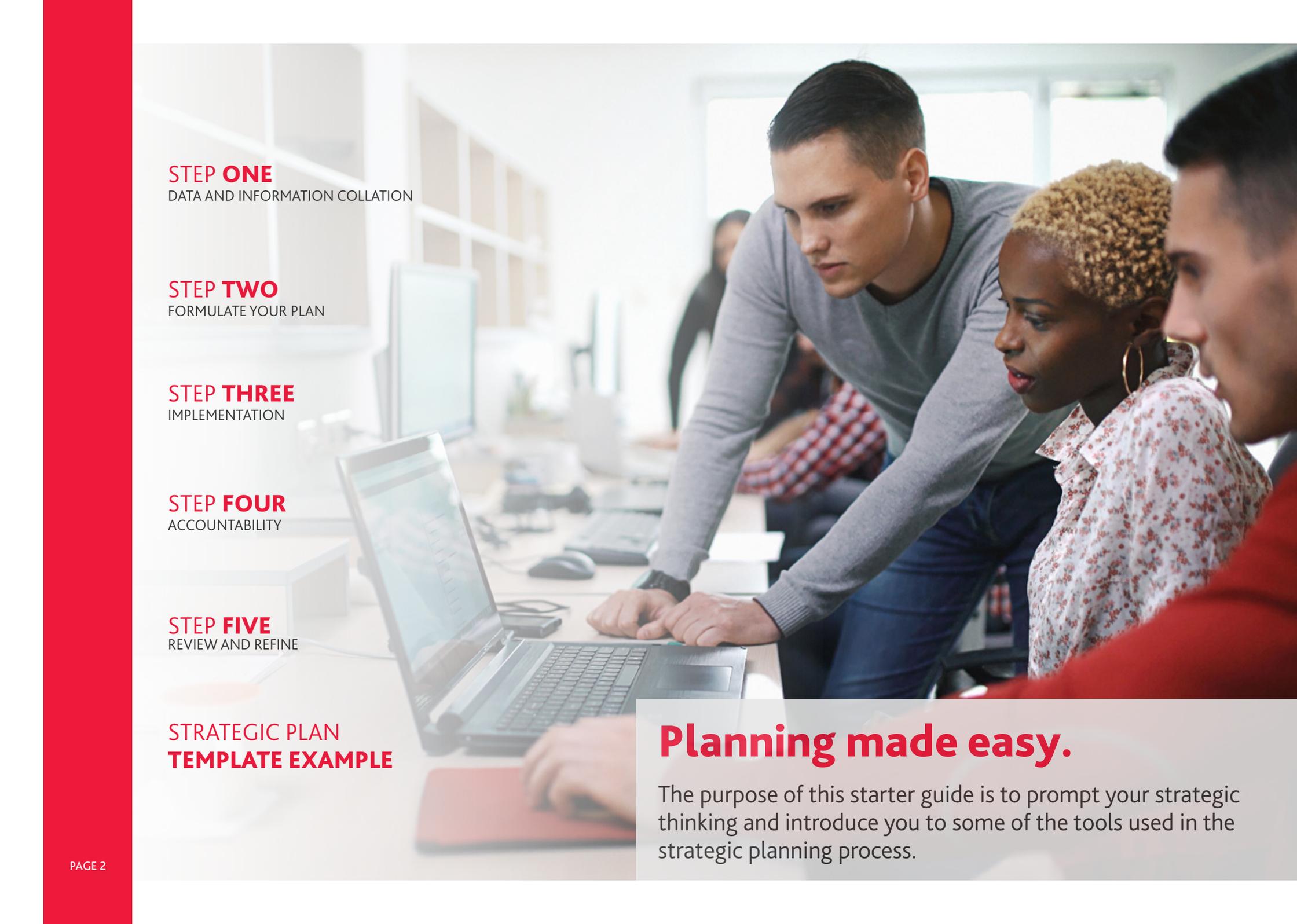


# Strategic Planning Guide





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**STEP THREE**

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**Planning made easy.**

The purpose of this starter guide is to prompt your strategic thinking and introduce you to some of the tools used in the strategic planning process.



# Step one

## Data and information collation

Here are some of the questions that you can ask stakeholders and key staff members prior to the business planning process.

- ▶ What will our business look like in five years time?
- ▶ What is the purpose of the business?
- ▶ What are the competitive advantages of our business?
- ▶ How will shareholders get a return from the business?
- ▶ What are our financial objectives for the next one, three and five years?
- ▶ What are our top three growth opportunities?
- ▶ What markets will we operate in?
- ▶ What is our customer value proposition for each market?
- ▶ What operational systems and processes must we excel at to deliver value to customers?
- ▶ What people and resources do we need to execute our strategic plan?
- ▶ What are our top three strategic growth initiatives?
- ▶ What are our key milestones for growth?
- ▶ Who will be responsible for driving business growth, and achieving milestone events?
- ▶ What data can we surface from our finance and accounting systems, social media platforms, and customer relationship management databases to give us insight into trends that might raise concerns or opportunities for the business?
- ▶ What market and industry benchmarks can we access to help with our planning process?

## Where do you want to fit in?

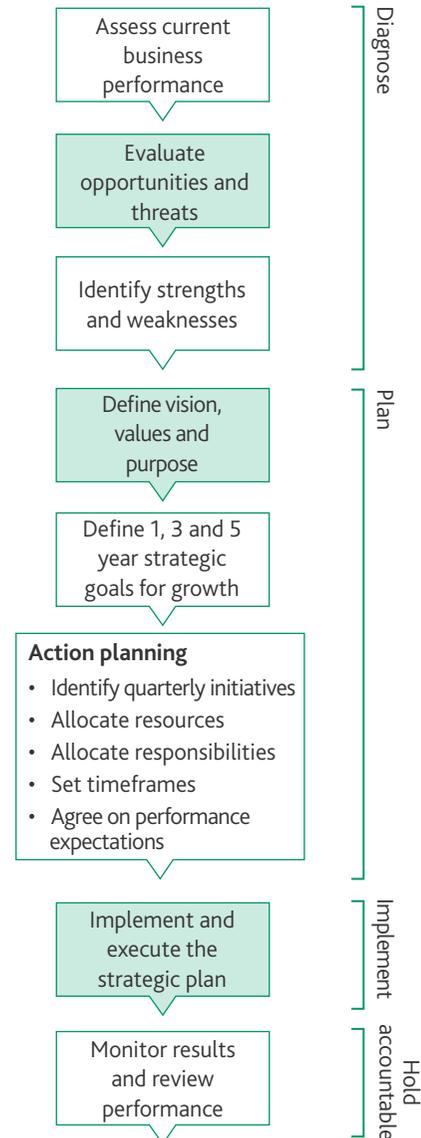
Remember to assess your personal aspirations in relation to the business:

- ▶ What do you want from the business as a stakeholder?
- ▶ Does the business satisfy your career goals and expectations?
- ▶ Is the business enabling you to balance work, family, and personal life?
- ▶ How important is the business to your retirement plans?
- ▶ Is this a family business?
- ▶ Have you developed your succession and / or exit strategy?

# Step two

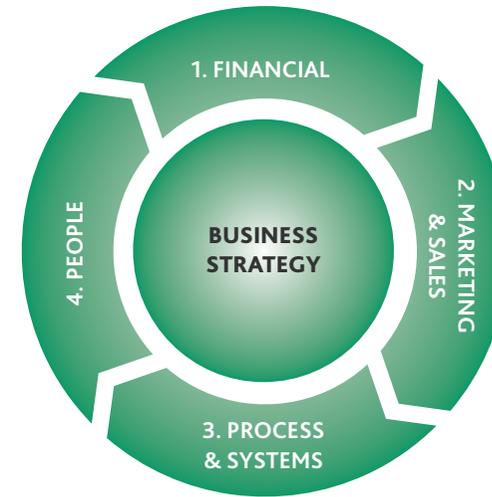
## Formulate a plan

You can significantly improve your chances of success by planning the future direction of the business. The following diagram illustrates the business planning process.



### Use a whole-of-business approach

Whole-of-business thinking helps you to align your structure, people, resources, systems, and processes to deliver customer value, reduce costs, and maximise returns.



### Whole-of-Business Thinking

**Financial perspective:** The purpose of business is to generate returns for owners.

**Customer perspective:** To increase revenues, the organisation must create value for customers.

**Operations perspective:** To deliver value to customers, and to manage costs, the organisation must focus on critical operational, marketing, innovation, and compliance processes.

**Learning and growth perspective:** To support processes in the operations perspective, the right people in the right jobs with the right attitudes, skills, knowledge, IT systems, and organisational culture must exist.

**Ensure accountability:** Whilst planning is important, execution is the key to success. Ensure people are held accountable, and measure performance to drive business growth.

### A shift towards strategic conversations

Traditionally, business owners and their management teams would condense planning activity into a formal, annual workshops, where strategic matters would be discussed and plans formulated.

However, given the speed with which the business environment is changing, management teams are now shifting towards having a series of strategic conversations throughout the year, using whole-of-business thinking as a guide, to enable the business to be more agile and responsive to emerging strategic scenarios



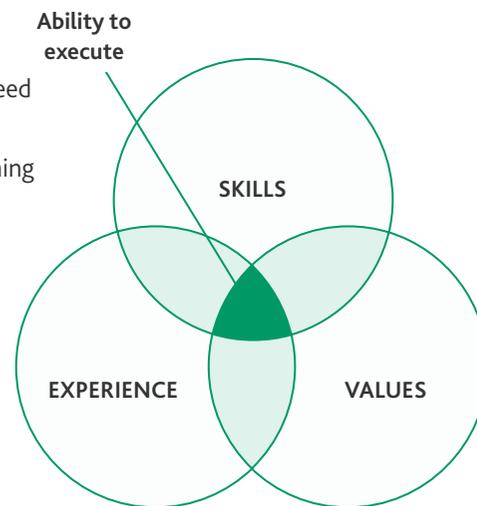
## Step three

### Implementation

Is your team prepared and able to execute your growth plan?

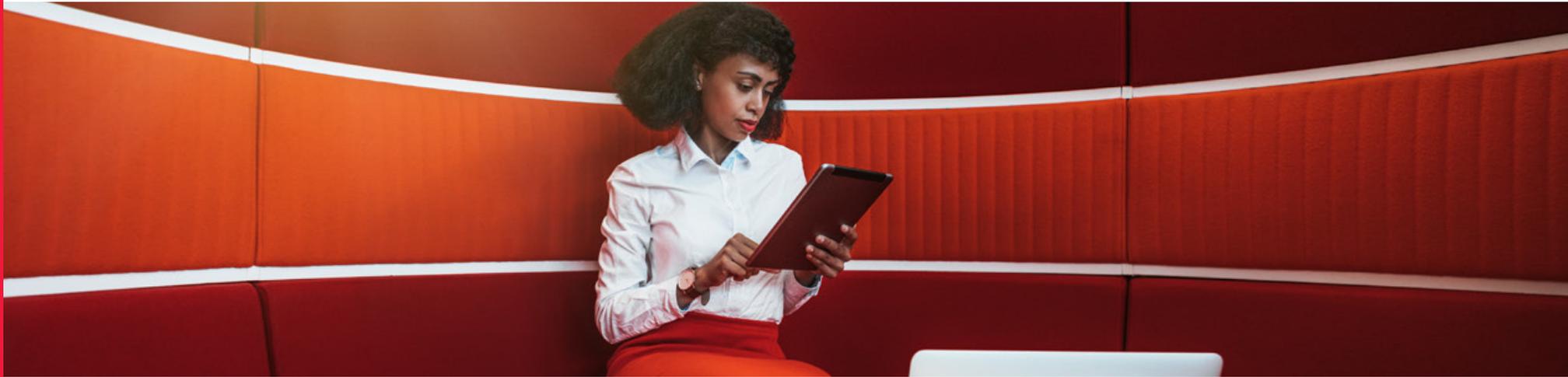
What skills, experience and values does your team need to operate your systems and processes?

The success of the organisation depends upon one thing – your team's ability to execute your plan.



The following checklist helps you to assess your team's ability to execute your plan.

- ▶ Have you effectively communicated your growth plan to your team?
- ▶ Does every team member understand how their job fits in with your growth plan?
- ▶ Does every team member have the experience required to perform their job effectively?
- ▶ Does every team member have the skills required to perform their job effectively?
- ▶ Does every team member have the capacity and time to perform the tasks required of them?
- ▶ Does every team member have the values, attitudes and behaviours to perform their job effectively?



# Step four

## Accountability

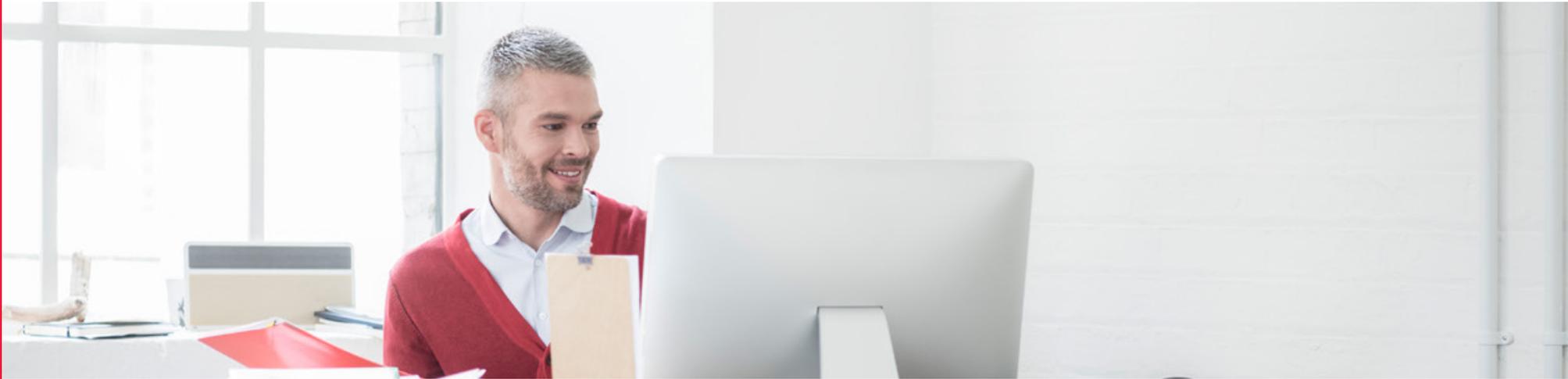
Does every team member know what they are accountable for and how their performance will be measured?

This is arguably the most important aspect of any strategic plan and helps to eliminate confusion and anxiety, enabling your team to focus on what is important for achieving the business' shorter-term goals and longer-term priorities.

Developing focused, action-oriented implementation plans with key performance measures – like the example in the table below - will help, particularly if reviewed on a regular (monthly and quarterly) basis.

AREA OF FOCUS	1-YEAR GOAL	KEY PERFORMANCE INDICATOR (KPI)	TARGET	INITIATIVE(S)	BUDGET	OWNER
Financial	Increase EBITDA	EBITDA	15% increase			
Customers & markets	Increase customer loyalty	Customer retention	95%			
Operations						
People resources						
Technology resources						





# Step five

## Review and refine

Consult your plan regularly to ensure you're on track and remain focused on the objectives, your people are fulfilling their responsibilities and you remain on budget.

Sometimes the questions being asked in the strategy review process are not insightful enough to facilitate execution. In addition to traditional strategic review questions, there are some specific execution style questions that should be asked, to test the assumptions behind the plan and assess its robustness.

### TRADITIONAL STRATEGY REVIEW QUESTIONS

#### Vision, Purpose and Advantage

- What will the business look like in five years?
- What is the purpose of the business?

#### Growth

- What are your financial objectives for the next one, three and five years?
- What are your top three growth opportunities?
- What markets will you operate in?
- What is your customer value proposition, for each market?

#### Operations and resources

- What operational systems and processes must you excel at, to deliver value to customers?
- What people and resources do you need to execute your strategic plan?
- What are your key milestones for growth?
- Who will be responsible for driving business growth, and achieving milestone events?

### EXECUTION ORIENTED STRATEGY REVIEW QUESTIONS

#### Competitors

- What are competitors doing to increase market share?
- What do you know about your competition's leadership and key people?
- Could a competitor conduct merger or acquisition activity, or form alliances to enter your segment?

#### Organisational capability

- Do you have the right people in the right roles, and do they know what they are accountable for?
- Can your sales force win in existing and new market segments?
- How will technology help you to execute strategy?

#### Strategic focus

- Are you focussed on your key market segments?
- Can your people state what your strategy is in a few simple phrases?
- Does your plan have a few (three or four) strategic priorities?

#### Links between people and operations

- Has the strategic plan been broken down into one year operation plans and quarterly initiatives?
- Does each business unit or function have the right kind of people and resources to implement these plans and initiatives?
- Does everyone know what they are accountable for?

# Strategic plan template example

Ideally, your strategic plan should be captured in a document that can help communicate your plan to internal and external stakeholders. The document doesn't have to be lengthy – but it must be relevant to the readers of the plan.

For employees, a strategic plan document acts as a reference point for decision making, and to focus strategy execution efforts. For financiers, a strategic plan will help them to better understand your vision, the growth strategy and resources required, and the exit options that will ultimately enable them to achieve a return on their investment.

The following table provides you with an idea of the possible contents of your Strategic Plan document – but remember to adapt this to the audience.

SECTION	CONTENT
<b>Executive summary</b>	An overview of the key points in the plan. Anyone reading the plan will understand what the business is about.
<b>Company overview</b>	Vision statement – where the business will be in the future Mission statement – describing the purpose of the organisation Company history – why it was formed, results to date.
<b>Business environment &amp; competitor analysis</b>	Describes the business environment and discusses the threats arising from other companies already in the market, or in the race to enter a new market.
<b>Window of opportunity</b>	Outlines the market opportunity identified, defining the addressable market size, growth rates, and time frame for the opportunity.
<b>Market positioning &amp; business model</b>	Describes how the business will be positioned in the market. Outlines the marketing, sales, and distribution strategies for reaching and supplying the market. Outlines how the business will make money.
<b>Competitive advantages and core competences</b>	Describes the competitive advantages and strengths of the businesses, describing what makes the business unique from the competition and what the business is relying on to deliver its expected outcomes.
<b>Products and services</b>	Describes how the products and services will add value to customers – saving them time, effort and money, and reducing their risk.
<b>Manufacturing &amp; Operations</b>	Describes the intended or actual manufacturing and operational processes employed or to be employed by the business.
<b>Research and Development Plan</b>	Outlines the R&D plan for developing new prototypes and minimum viable products for launch to the market.
<b>Ownership and organisational structure</b>	Provides an organisation chart and indicates additional positions to be filled in the future. Indicates the ownership structure of the business.
<b>Management team</b>	Describes the skill and experience of the management team, Directors and Advisers.
<b>Risks &amp; risk reduction</b>	Identifies business risks and the strategies for reducing those risks.
<b>Financials</b>	Profit and loss statement, balance sheet, and cashflow projections for the next few years. States the assumptions behind the financials and provides scenario analyses. States key performance indicators.
<b>Ask and offer</b>	States what the business is asking from financiers – funds, expertise, market connections. States what the funds are to be used for.



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