

## The Advisor – Winter 2008

### Making the Business Plan a Catalyst for Success

To some companies, the business plan is considered a necessary evil. It is written at the beginning of every year and then tossed on a shelf or in the circular file until the next year when the process starts all over again. Or else the plan is only completed when there is a specific purpose in mind which usually involves financing of some sort. Rather than being used as a tool to drive the business, it's usually an afterthought, dusted off only when it is convenient to do so.

Why is this the case? Some of the reasons include:

1. Not having a well defined strategic plan that acts as the framework for the business plan. The strategic plan should act as a rudder for all decisions made in the annual business plan. Without a proper strategic plan, the business plan will lack cohesiveness and be shortsighted in its outlook.
2. Minimal management buy-in to the planning process and the end result. This could be due to: (a) a lack of time (managers are too busy doing their day jobs); or (b) a lack of accountability.
3. Lack of employee buy-in to the business plan. See 2 above. If senior management doesn't think it's important, neither will the employees.

So what should owners do to make the business plan a catalyst for success? Let's discuss each of the issues above and see how they can be resolved.

#### 1. Have a well defined Strategic Plan.

The strategic plan should establish where the company sees itself in the future and how it plans to get there. The strategic plan should establish a company's:

- a. Core Values - A company's essential guiding principles; not to be confused with cultural or operating practices and not to be compromised for financial gain or short-term expediency;
- b. Core Purpose (or Mission Statement) - A company's fundamental reasons for existence beyond just making money; and
- c. Vision Statement – A declaration of where the company wants to be five to 10 years from now. Good vision statements quantify these goals in terms of improvements in current conditions (such as increases in revenues or profitability) so that success can be measured against this benchmark.

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A full blown strategic planning process should be held every five years (or once the current strategic plan is out-dated or the vision statement has been achieved and new goals are required). In every other year, the strategic plan should simply be reviewed as part of the business planning process. The core values, purpose and vision statement should only be reaffirmed or tweaked if necessary.

**2. (a) Ensure Management Buy-In to the Business Planning Process.**

A business plan would normally include three to five key company objectives that should be attained by the end of the year in question. Individual managers can be assigned as “champions” for one or more of the corporate objectives to ensure their successful achievement. A portion of managements’ compensation should be tied into the achievement of these objectives along with the financial targets set out in the annual budget included in the plan. This will ensure involvement of management during the process in order to avoid agreeing to anything they don’t understand, have no control over or don’t think is achievable.

**2. (b) Ensure Management Accountability with Progress Meetings During the Year.**

It is imperative that management meetings are held throughout the year to review where the company stands in relation to its objectives. Ideally, monthly or quarterly milestones would be established as part of the planning process and actual results would be compared to the milestones during these meetings. If a company is behind schedule on an objective, actions can be taken immediately to rectify the situation rather than waiting until the end of the year when it is too late.

**3. Get Employee Buy-In.**

Some companies should consider having employees below the management level involved in the business planning process and the establishment of the company objectives. This will greatly enhance the plan’s effectiveness as the employees involved will act as advocates for the plan in discussions with their co-workers. Tying employee compensation or bonuses into the plan objectives will also ensure that employees focus on meeting them. But as a minimum, the plan should be rolled out to all staff as part of a team meeting to ensure everyone is on the same page and doing their part to meet the objectives for the year and the vision set out in the strategic plan.

Aries Advisory Group Ltd. has significant experience in the development and facilitation of company strategic and business plans. As an objective third party, we can facilitate the entire planning process from beginning to end, ensure that existing biases do not derail the process, and that openness and candour are allowed and encouraged. We can also assist in the development of interim targets to ensure milestones are met throughout the year. Please contact us at [info@ariesag.com](mailto:info@ariesag.com) or at (416) 467-7878 to see how we can help.