Bank Trust Wealth Management

Guide to Business Planning

CANADIAN WESTERN BANK

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Growing your business: Moving forward

Now that your business is up and running, it may be time for some strategic growth planning. Growing a business is a re-visioning process. Look at where you want to be compared to where you are, and then figure out how you're going to get there.

In a strategic planning process you:

1. Review what is working and what is not, and analyze why.
2. Set new SMART goals.
3. Identify strategies for growth.
4. Develop processes for monitoring your progress.

The plan you developed to open and operate your business will guide you through developing growth strategies. If you didn't write a business plan at the beginning, you can use the format outlined in our How to Write a Business Plan guide to analyze your current position and next steps.

1. Figure out how you're doing now

Measuring your performance and identifying goals to support growth is like getting directions from a map. You start off by pinpointing where you are and then identifying where you want to go.

Use our guide on Measuring Performance to identify measurement methods and strategies that fit your business needs. When you have identified what areas are doing well and which ones need new direction, you can start mapping your road to success.

Before you sit down to plan, do your research. Find current information on industry trends and identify the social and economic factors impacting your business.

Where possible, gather information on how well your competitors are doing.

TIP

Use the Canadian Business Data Base to find current information on registered businesses in your area or across Canada.

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2. Figure out where you want to go: Strategic planning

Start with your vision

Your vision is where you want to go and what you want to achieve. Your vision can remain stable, but how you achieve it might need to change depending on your growth strategy. As you grow your vision may evolve and you may want to revisit it to reflect the direction your business is growing.

What about your mission statement? If it still accurately reflects how you will achieve your vision, it doesn't need to change. But if your products, services or customer expectations have changed, you may need to revise it.

Goals and objectives: Measure expectations against performance

Now that you've identified where you want to go and what you need to change to get there, you can set goals for growth.

Setting goals and forecasting revenues are complementary processes. You set a goal, identify what you need to do to get there and then decide whether you can realistically achieve the goal.

If forecasts and goals don't align you will need to adjust.

Ask yourself:

- Where did you miss your targets over the past few years?
- Can you see why that happened?
- What needs to change and how?

Using your past performance as a guideline, move back and forth between setting goals and forecasts to ensure your growth goals are SMART (specific, measurable, attainable, relevant and time-bound).

SMART goals drive success. A SMART goal clarifies what is expected and measures results against projections to see if the goal is achieved.

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A SMART goal is:

Specific	It links your vision with your goals and states what you expect to achieve and how you will get there.
Measurable	It can be measured so you know if and when you have succeeded.
Attainable	It can be achieved in a specific amount of time and with the resources you have available
Relevant	It is aligned with your business operations and projects.
Time-bound	It has a clear and realistic time frame.

3. Select a growth strategy

You have identified your goals and completed your revenue forecasts. You know what you need to earn and spend to reach your goals. Now it's time to determine what strategy you're going to employ to grow your business.

There are four core tactics to grow a business: get more customers, decrease your costs, increase sales and expand.

Growth tactics

Customers:

- Increase sales by identifying purchase trends among the top 20% of your customers and finding ways to increase sales to them.
- Attract more customers by identifying your best customers and targeting your marketing strategy to that demographic.

Costs:

- Find a supplier with lower costs. You can consider buying out a supplier as part of your strategy, but that means adding new business functions and requires a full analysis of how that will impact your operations.
- Outsourcing can save money. For example, using a contracted IT service could free up an employee for more critical business functions.

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- Invest in technology to improve operations. You might benefit from software that tracks inventory and sends a notice when stock is low or you may find a cloud based accounting package that links your banking records directly to your bookkeeping software.

Sales:

- Bundle services or products and price them to encourage customers to buy additional products.
- Increase production and marketing of high demand products.
- Expand your customer base by researching market opportunities in a wider geographic area.
- Cross-market your business to open new sales channels. For example, a general contractor specializing in commercial construction might work with a commercial realtor.
- Focus your marketing effort on increasing the quantity or size of purchases by existing customers.

Expansion:

- Buy out a competitor or similar business to increase your market share.
- Explore a strategic alliance or joint venture opportunity with a supplier or business customer to create a value-added business expansion.
- Investigate franchise opportunities. If your products, services, and marketing can be duplicated without compromising quality, your business is a good candidate for franchising.
- Open another location to build market reach and brand awareness.
- License your product for distribution by other businesses. Again, the key here is being able to produce more products without compromising quality so that you don't damage your brand.
- Expand your sales channels. If you are selling through a retail location now, consider selling on the internet or exporting your products globally.

The growth strategy you choose will be very specific to your business and your core strengths. Your first step is to identify which area of the business is your priority for growth and then to evaluate if each functional area can manage the change.

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Evaluating your growth strategy

Every business has four key functional areas: marketing, finance, human resources and operations. Each area needs to be able to support your growth strategy.

For example:

Your new goal is to increase sales by 30% next year, based on the introduction of a new product. Check your ability to reach that goal in the four key areas.

- **Marketing:** Determine if your current marketing strategy will increase sales.
- **Operations:** Ensure your business has the ability to produce or provide the required goods/services needed to increase sales.
- **Human resources:** Review current staff skills and knowledge to ensure they can make the changes needed to increase sales.
- **Finance:** Be sure you have access to the assets and working capital needed to increase sales.

Once you have identified what is needed to implement your growth strategy you can map out the costs and timelines for implementation.

4. Implementing a growth strategy

A team approach to planning not only improves your planning process, but it gives you more implementation power. And it strengthens buy-in at all levels of your company.

As part of your implementation plan you need to be sure that all the steps and responsibilities are clear.

- Prioritize. Look at each area of change and decide on what happens first. Complex goals may require several steps and co-ordination between departments.
- Assign roles. Ensure everyone is clear on who does what. Eliminate gaps and overlaps.
- Make individual responsibilities clear and measurable.
- Set deadlines for each step and follow-through if deadlines are not met.
- Reviews results every quarter against your benchmark. Decide if the goal is in progress, if it has been achieved or if it should be abandoned.

Following these steps will help keep you on track and increase your chances for growth.

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5. Managing change

All of us get comfortable with our procedures and routines, and changing them feels disruptive. So resistance to change is normal. Plan your change management strategies carefully, and be sure that your staff has the skills and resources to support the changes you are asking them to make.

Some strategies for change management include:

- Building internal communications strategies into your implementation plan to help get buy-in from your employees.
- Setting up training programs for new procedures or technology.
- Budgeting for the external resources needed to support change.
- Setting timelines for each stage of change and identifying measures to analyze success at key points.
- Developing ideas and strategies to deal with road blocks and unforeseen circumstances.

Now what?

Strategic growth planning is an ongoing process. Once you've implemented changes, you need to find out how well your ideas are actually working.

Identify dates to review your progress. Don't wait until the end of your one or three year plan. If some of your strategies aren't working, find out why and make adjustments as you go.

It's just as important to acknowledge each success — no matter how small. Share the good news with employees and customers, and recognize those who've made a difference. It's the incremental changes, course corrections and celebrations that keep a business vital and growing.

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