Business Plan vs. Strategic Planning

Michigan Small Business & Technology Development Center™

Copyright © 2008 MI-SBTDC™. All rights reserved.
Objectives

• Overview of MI-SBTDC services
• Differences between Business Plan & Strategic Plan
• Introduce the process of writing a business plan
• Introduce major components of the plan
• Discuss effective strategic planning
• Identify additional resources
Michigan SBTDC Services

**Counseling** - One-on-one meetings with experienced business consultants to assist starting or growing small businesses

**Training** - Available through the Entrepreneurial Series:
- Starting a Business
- Marketing Your Business
- Business Legal Issues
- Writing a Business Plan
- Finance

**Research** - Provide a full range of information services through the State Headquarters
The Michigan SBTDC™

The MI-SBTDC™ is funded through a cooperative agreement with the U.S. Small Business Administration, the Michigan Economic Development CorporationSM (MEDC) and matching funds from Local Network partners in each region.

MI-SBTDC™ State Headquarters
Grand Valley State University
Seidman College of Business
Phone: 616.331.7480
www.misbtdc.org
Business Plan & Strategic Plan

Differences

Business Plan

- Prepare for a specific product or service
- Identify specific customers for the product or service
- Used internally and externally

Strategic Plan

- Engage entire management team/company
- Clarify overall purpose/mission of the company
- Determine priorities to achieve
- Primarily used internally
Business Plan Purpose

• Organize new business venture (could be within an existing business)
• Prepare for a business loan
• Share with vendors
• Small business with no management team – reassessing the business due to market shifts
• Change the business model
• Organize and structure all facets
The Business Plan – Key Components

• Executive Summary
• Business Description
• Market Analysis
• Marketing and Sales
• Management
• Operations
• Finance
Executive Summary

• Summarizes the main components of the overall plan
• Write this section last
• May be a stand-alone document
Business Description

- Company name, history, legal structure
- Products or services offered
- Target customer
- Areas of expertise
- Owner’s experience
- Mission/vision for your company
Market Analysis

- Complete Market Research
- Describe the industry
  - Size, growth, customer needs
  - Important trends
- Competition
- Prospective customers
  - Define Target market(s)
  - Size, growth, location
Competition

• Identify direct and indirect competitors
• Analyze the competition’s
  • Strengths
  • Weaknesses
Marketing - Sales

- Create marketing plan
- Identify sales goals
- Describe ideal sales team
- Describe the selling process
  - Face to face selling
  - E-commerce
  - Retail floor
  - Customer service after the sale
Management

• Set goals, strategies
• Identify staffing responsibilities and needs
  • Staff: Full-time, part-time, contract
  • Outside advisors, resources
• Create organizational chart
Finance – Getting Started

Estimate start-up costs
• Facilities, space, improvements
• Fixtures, equipment, inventory
• Legal, marketing, professional fees
• Computer hardware, software
• Utilities, phones, insurance
• Vehicles
Finance - Operations

Estimate monthly expenses

- Staff: wages, benefits, training
- Promotions, advertising
- Inventory, raw materials
- Rent, utilities, insurance
- Travel, delivery, supplies
- Taxes
- Loan repayment, interest

Create financial projections & scenarios
Strategic Planning Benefits

• Determine areas to focus resources
• Develop consensus with management team
• Gain a sense of security with employees – they know where the company is going
• Set reasonable and attainable objectives
• Establish metrics for the company
• Gain control and fix operational problems
Strategic Planning Key Components

• Mission and Vision
• Strengths - Weaknesses - Opportunities - Threats
• Objectives - Where does the company want to be in 3 years?
• Identify & prioritize initiatives or opportunities
• Establish metrics and implementation plan (Who Does What – When…)
• Monitor progress and hold individuals accountable for implementation
Mission & Vision

Mission Statement
• Define your core business
• Identify who are your best customers
• Clarify primary benefit you provide customers

Vision Statement
• Long term view
• What you want to be recognized for
• Source of inspiration
Strengths

- Identify internal business areas providing an advantage for the organization

Weaknesses

- Determine internal business areas which are a weakness compared to others

Opportunities

- External areas providing increased sales or profits

Threats

- External areas providing potential trouble
Objectives/Goals

- Determine desired end state – should be measurable
- Cover four basic areas of organization: Employee Development, Internal Processes, Customers, and Finance
- Easily translated into action plans for determined prioritized initiatives
Implementation Plan and Metrics

• Determine metrics for each objective/goal
• Develop “actioning” plan for “Who Does What-When…”
• Identify areas of quick success for a jump-start
• Monitor and hold accountable on a monthly basis
• Share plan summary and accomplishments with the appropriate staff
Monitoring Progress

• Share plan summary with appropriate company staff
• Monitor progress and update monthly
• Hold team members accountable for completing tasks within the timeframe
• Adjust plan as needed
• Celebrate success!
Small Business Plan Resources

Additional Resources

- [http://misbtcdc.org/small-business-team/](http://misbtcdc.org/small-business-team/) Business Plan Outline and Sample Business Plans
- [www.sba.gov](http://www.sba.gov) Business Plan Outline and Sample Business Plans
- [http://www.michigan.gov/business](http://www.michigan.gov/business) Michigan Business One-Stop-Shop (online service for new entities)
Business Plan Vs. Strategic Planning

Questions

And

Answers
Contact Information

Nancy Boese
Business Specialist
T: 616-331-7373
boesen@gvsu.edu

Tamara Davis
Regional Director
T: 269-387-6062
Tamara.j.davis@wmich.edu