

FORMAL BUSINESS PLANNING

Formal strategic planning as a group decision making process benefits greatly from systematic procedures.

Customer Analysis Here you will identify who your target customers are and their needs. You need to collect only three types of data - The corporate objectives and targets. If you will be cash flow positive from day one, answer the three questions above and get on with your business. They understand what agreements have already been reached and what remains to be done. This increases the chances that managers will be singing from the same page at least, even if, initially they are quite in harmony on the issue. Step 9: The senior level management team and board should overlook the performance marks affiliated with each element of the plan on a frequency defined in the plan. How will you reach this segment with your message? Sometimes this part of the plan will include tables that provide more details, such as a bill of materials or detailed price lists, but more often than not this section just describes what you are selling and how your products and services fill a need for your customers. What do we mean by formal? Unstructured or freewheeling approaches are highly regarded in some organizations; however, when the process of strategic planning is involved such free form approaches can suffer from certain disadvantages. This can take multiple meetings. Formal planning procedures enable evaluation of progress Formal strategic planning methods not only inform members where they are in the process, they give them basis for judging the quality of the progress they are making. Also discuss the stage of your company: what successes has your company already achieved? You want to launch a business to bring the product to market. High level financials should be included. Additionally, the activities of the persons involved are governed by explicit procedures. These deliberations are informed by evidence gathered and analyzed in preparation for and during the planning process. This reduces frustration with the process, and enables clearer focus on what is required for making informed decisions. In some cases this may lead to half hearted contributions. The key to whether you will want to invest the time and effort to develop a formal business plan is your cash-flow situation. You may also want to include your balance sheet, your sales forecast, business ratios, and a break-even analysis. An example might be a residential cleaning business. For a recent piece of work on this, which also highlights the importance of firm innovativeness as a key link in the process, see - Linking the formal strategic planning process, planning flexibility, and innovativeness to firm performance. Full-length resumes should be appended to the plan. These activities are primarily data focused discussions that lead to the taking of strategic decisions. Utilize the Six Rings Model to define the procedure. They can also lay out rules as to when and how members can discuss disagreements. The procedures of formal strategic planning can moderate the use of power in a planning group Powerful members of a senior management team, or among participants in planning workshops, can use the informality of unstructured planning processes for their own ambitions. They may also feel great disappointment if a project they have invested themselves in looks like being deferred or cancelled. Threats and opportunities in its outside environment. Execution Use this business plan section to outline your marketing plan, your sales plan, and the other logistics involved in actually running your business. A SWOT analysis strengths, weaknesses, opportunities, threats is a convenient instrument for collecting and organizing this data. Step 7: Performance objectives should be assigned to each value and each goal. Each step that participants in the planning process complete contributes to a sense of achievement, and a feeling of really getting somewhere. Finally, if you are raising money or taking out loans, you should highlight the money you need to launch the business. Operations Plan Your operations plan should detail the key operational processes your organization needs to accomplish on a daily basis to achieve success. Some will even drag the alleged strategic discussion back to operational concerns. The discussion centres on surfacing the most significant issues likely to impact the long run performance of the organization. This overall strategic planning process is as depicted below, and described more fully at Strategic Planning Process. Share to facebook Share to twitter Share to linkedin All entrepreneurs and business owners should have a business plan. Learn from your mistake and move on. Step 3: Use a flow chart to broadly define and convey the planning process. You know that a large number of working people in your area use housekeepers, so there is a good market. Formal strategic planning procedures can ensure top managers are on the same page!