Do You Have a 5-Year Plan for Your Business?

It is the time of year for your business to look back at 2018 and then to look forward to 2019 and assess where you are compared to where you wanted to be and then to ask yourself what about next year. As we come to a close of another year, this is a good time to reflect and also to plan for the future.

When was the last time you wrote a plan for your business? If it was before you started your company, how long has it been since you looked at that business plan? Maybe you never wrote one at all. But no matter how successful your business is now, developing a strategic plan for your business can help take your company to even greater heights.

With change happening faster than ever, industries being disrupted and technology transforming the world of business, creating a strategic plan looking five years in the future might seem hopelessly antiquated. After all, you may be thinking, how can anyone possibly predict what’s going to happen five years from now?

But contrary to what you may think, the rapid pace of business change is the best reason of all to develop a strategic plan. There’s more information available than ever before to help guide you. And by considering a variety of scenarios, you can prepare options for how your business will react to them.

In fact, some experts suggest making a 10-year or even 20-year strategic plan, then using “agile planning” to create multiple short-term strategic goals in six-or 12-month increments. Leading companies are able to think strategically, innovate, and be adaptive. These characteristics keep them moving forward as they execute their plans, helping them learn from the results so they can do more of what’s working.

How to create a strategic plan: Whether you are creating a five-year, 10-year, or 20-year strategic plan, the basic process is the same. Rieva Lesonsky, recently posted an article in the Library of the SCORE website in which she did a nice summary of this process. (Rieva is CEO of GrowBiz Media, a content and consulting company specializing in covering small businesses and entrepreneurship and SmallBizDaily.com.) She suggests the following six steps.
1. First, take stock of how your business is doing today.
Gather your business mission and vision statements, your business plan (no matter how outdated it might be), your sales data and your financial records. Do a SWOT analysis to pinpoint your business’s strengths and weaknesses, as well as the opportunities and threats facing it from the industry, the economy and the competition.

2. Now think about where you want your business to be in five, 10 or 20 years.
How big do you want your business to grow? Do you want to expand your product or service line, your target market, your staff, your distribution channels? Would you like to start selling nationally or even worldwide?

3. If you can’t envision your business’s future that far out, begin by picturing what you want your life to look like five years from now.
Be very specific. Do you want to be working fewer hours? Do you want to be in charge of a staff of 50? Would you like more time to focus on your personal life and direct the “big picture” of the business instead of dealing with the day-to-day? Ten years from now, do you want to be on your third business? Putting your personal five-year goals in writing can help you figure out what business goals you’ll need to achieve to make them happen.

4. Create a concrete plan for how you’ll achieve your business goals.
Here’s where the short-term planning comes in. Working backward from your desired outcome, identify what you need to do to achieve it and when. For instance, if you want to grow your business big enough to sell in five years, you’ll need to increase your sales, delegate more work, systematize operations so the company can run without you, and build value in the business to prepare it for sale. Develop a plan for achieving each one of those things. The closer you get to today, the more detailed your plan should be. Your plan should cover all aspects of your business: marketing and sales, staffing, operations, financial projections and how you’ll generate or obtain the operating capital you need to reach your goals.

5. Determine how you’ll measure success.
Make your goals specific and measurable and decide how you’ll measure results. What key performance indicators (KPIs) will you look at? If your goal is to expand regionally in three years, how many locations and what geographic territory does that include?

6. By measuring results and reviewing your plan every six months, you can quickly see when your strategic plan needs tweaking. This keeps you from wasting time working toward a goal that no longer makes sense. Keep up to date on your target market/s, industry trends and economic indicators so you can adjust your plan accordingly.
Creating a strategic plan is hard work, but it’s essential if you want your business to thrive. As the old saying goes, “If you don’t know where you’re going, you’ll probably end up somewhere else.”

SCORE can help ensure you get where you want to go. SCORE mentors can provide guidance at every step of creating your strategic plan, and offer advice, tools, and templates.

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