MEALS ON WHEELS ASSOCIATION OF AMERICA

BUSINESS PLANNING

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Learning Objectives

At the end of this program, participants should be able to:

1. Understand the basics of business planning.
2. Understand the various factors that influence business planning.
3. Perform a basic SWOT Analysis.
4. Explain the difference between objectives, strategies and tactics.

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Learning Objectives

5. Prepare a simple “strategy map” that can be used to develop a plan to address a specific objective(s).
6. Monitor the execution of a strategy map.
7. Develop measurements to monitor the achievement of organizational objectives.

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Introduction to Business Planning

Some quotes on planning:

"If you don't know where you're going, how can you expect to get there?"

"You can always amend a big plan, but you can never expand a little one. I don't believe in little plans. I believe in plans big enough to meet a situation which we can't possibly foresee now." (Harry Truman)

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Introduction to Business Planning

More quotes on planning:

"If you fail to plan…you plan to fail."

"When there is no vision…the people perish." (Proverbs, 29:18)

"Have a plan. Follow the plan, and you'll be surprised how successful you can be. Most people don't have a plan. That's why its easy to beat most folks." (Bear Bryant)

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Introduction to Business Planning

So what is business planning?

A systematic and methodical approach to assessing the internal and external factors facing an organization, and after assessing these factors, developing a sequence of actions that will both address these factors and enable the organization to achieve its objectives. (Kollar)

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Introduction to Business Planning

Business planning is typically documented in the following:

A. Business Plan – usually for start-up companies or organizations

B. Strategic Plan – used for established entities to "map out" their future goals and objectives

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Factors Influencing Business Planning

- General economic conditions
- Customers—their needs; changing demographics, etc.
- Availability and talent of labor
- Financial resources and constraints
- Other external forces that may impact the organization

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SWOT Analysis

- Prior to a business planning exercise, perform a SWOT Analysis
- Strengths-
- Weaknesses-
- Opportunities-
- Threats-

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Incorporate SWOT Analysis into Business Planning

- “Play to” your strengths
- Acknowledge and address weaknesses
- Capitalize upon and pursue opportunities
- Prepare for and respond to threats

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SWOT Exercise

Group Exercise - Sample SWOT Analysis

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Components of Planning

- Objectives
- Strategies
- Tactics
- Examples

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Components of Planning

Objectives should be SMART:

- Specific
- Measurable
- Achievable
- Realistic
- Time-bound

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Why do a lot of business planning efforts fail?

- Planning is challenging!
- No execution
- Lack of monitoring
- "Prediction is difficult, especially about the future." (Yogi Berra)
- "When you come to the fork in the road, take it." (Yogi Berra)

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Use a Strategy Map to Achieve Objectives

- What is a Strategy Map?
- How can it help with business planning?
- Example

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Strategy Map Exercise

Group exercise in preparing a strategy map to achieve a specific objective or objectives.

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It's All About Execution!

- Failure to execute a great plan is exactly that—an overall failure of the plan!
- In a sluggish economy, execution takes on greater importance.
- Separates the organizations that survive from those that won't.

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It's All About Execution!

Three ways to ensure successful implementation of a planning effort:

A. Communicate the key points
B. Develop tracking/monitoring systems that facilitate solving problems (checklists can be very helpful!)
C. Establish formal reviews of the plan—is it on track?

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Key Performance Indicators

- Many organizations develop Key Performance Indicators (KPI's) to monitor organizational operations and effectiveness.
- What is a KPI?
- How would/could they be useful in managing the organization?
- Potential problems or pitfalls in using KPI's???

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Performance Dashboards

- What do you think of when you hear the term “dashboard?”
- What does a dashboard convey?
- How could the dashboard concept be applied to a corporate or an organizational setting?

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Example Financial Indicators for Non-Profit Organizations

- Current ratio
- Debt ratio
- General & administrative expense %
- Fund-raising expense %
- Operating margin %
- Revenue mix
- Net asset mix

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Performance Dashboards

- What elements are necessary for a meaningful and useful dashboard?
- Exercise on dashboards/KPI's

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Business Planning—References

- Lots of books, business articles on planning, strategic planning, etc.
- See separate handout for a partial listing of some recommended reading on business planning

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Summary and Wrap-Up

- Business planning is essential, especially in tough economic times
- Business planning will only succeed if it is clearly communicated, effectively monitored, and regularly reviewed
- Monitoring can be tricky but is essential if objectives are to be achieved

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