

VARIOUS EXAMPLES OF PLANNING PROCESS

BUSINESS PLANNING TERMS

Vision – The view of the future of the organization, which stresses what that visionary wants the organization to become. It is the integration and synthesis of information with dreams.

Philosophy – The set of basic beliefs which establishes the parameters for the business and its personnel. It is a statement of what we do and what we do not do.

- Why are we in business?
- How do we do business?
- What do we do and not do as a business?

Mission – The primary focus of the business which answers the question,

- What business are we in?

Status – An assessment of the present position which answers the question,

- Where are we?

Strategy – A method or course of action for dealing with competitors. It can be either proactive or reactive.

- Who else is in this business?
- How do we relate to them?

Objective – An aim or end of an action; results to be accomplished.

For the *business as a whole* it answers the question,

- Where does the business want to go? ...in general terms
(E.g., we want to increase tourist visitation to the region.)

Goal – A point toward which a planning unit strives; a step toward accomplishing an objective.

For the *planning unit* it answers the question,

- Where does the planning unit want to go? ... in specific terms.
(E.g., we want to increase tourism visitation to the region by 15% within next two years.)

Tactic – Methods of using resources to reach goals. It helps to answer the question,

- How do we get there?

Projection – A quantitative estimate of the results expected from using various tactics, particularly those we expect to employ.

- What will it look like when we get there?

Budget – The quantification of the plan. It should show expected benefits (in financial terms) and the costs needed to achieve those benefits. It should be driven by the plan rather than driving the plan.

VISION, MISSION, GOALS, AND OBJECTIVES

To determine the contents of this section of your business plan, you will ask and answer a series of questions. Where are we? Where are we going? Where do we want to go? How do we get there? How do we know when we are there? Whose needs do we meet? What business are we in? What is the core purpose of our business? What is our philosophy?

Where are we?

1. Why are we in business?
2. What business are we in?
3. Where are we in the life cycle of the industry?
4. Where are we in the life cycle of the company?
5. How did we get here?
 - a. Narrative background of major events
 - b. Historical financial information
6. What market factors affect us?
 - a. Input side
 - i. Personnel
 - ii. Materials
 - iii. Financing
 - iv. Equipment
 - b. Output side
 - i. Primary Customers
 - ii. Secondary Customers
7. What internal factors affect us?
 - a. Our strengths
 - b. Our weaknesses
8. What other external factors affect us?
 - a. Regulation
 - b. Legislation
 - c. Competition

VISIONING QUESTIONS

1. What are our core competencies?
2. What can we leverage to build our future?
3. How will the political environment in which we operate change in the next 10 years, and what impact will this have on our organization?
4. How will the business environment in which we operate change in the next 10 years, and what impact will this have on our organization?
5. What technical changes will impact our organization? What will these changes do to us? What will these changes do to us?

6. How can we capitalize on them?
7. Who are the people that will lead the organization over the next 10 years?
8. What are their best skills?
9. Where will they want to take the organization?
10. How big should the organization be?
11. What resources will be necessary to achieve this size?
12. What knowledge and skills do we organizationally possess that produce a competitive advantage for us?

YOUR MISSION STATEMENT

Every business must have an ultimate purpose, a "Mission." The Mission Statement is one of the most important parts of your business plan. It expresses both your vision and your philosophy of doing business.

Step 1: Define the purpose of your business plan.

Your first decision is to clearly understand and define the purpose of your business and the reason for writing this business plan. Your purpose may be to obtain financing, create a guide for managing your business, clarify your business operation, or some combination of factors. Answer the following questions.

1. Who will use your business plan?
2. What do you hope to accomplish by writing this plan?

Step 2: Create a mission statement.

A mission statement reflects the *core* purpose of your business. The mission statement should reflect the highest goals of the organization. It should embody the basic values of the business and its employees. The mission statement must be short and focused (no more than 20 words). It should be stated in the present tense, in positive terms, and without "qualifiers." Write a one-sentence mission statement about your business. If you need to, write a longer statement and cut it down to size by going back and removing the adjectives, adverbs, and words between commas.

Step 3: Create a marketing slogan.

A marketing slogan is a short, clever, and often humorous translation of your mission statement. It is meant to convey a single, simple thought about your business that is useful to your customers. If you were writing a commercial, it would be the short sentence that comes after your company name.

GOALS AND OBJECTIVES

Planning terminology can be very confusing and the terms are often used inconsistently. In this section you will be dealing with setting goals and objectives for your business.

Goals are targets for your business that are three to five years into the future. Each goal must be stated in a quantitative manner that allows you to track progress towards the goal. In other words, every goal must be measurable. Each goal should be identified with a function of the business but not an individual. Some goals may be applicable to the entire company, but some function should be made responsible for meeting the goal. It is important that all goals are compatible with the mission statement and with each other.

Objectives are targets of your business that you hope to achieve in the next year. Like goals, every objective must be measurable. Every objective should be an assigned responsibility of some individual within your business. All objectives should relate to at least one goal that you have established.

When setting goals and objectives ask the following questions:

1. What?
2. Why?
3. How?
4. When?
5. Who?

Goals and objectives can be set for any aspects of your business, but targets are commonly set for the following:

1. Sales volume
2. Profit
3. Customer satisfaction
4. Owner compensation
5. Number of employees
6. Owner time commitment
7. Assets

Step 1: Set goals.

Step 2: Set objectives.