

Club Insight

Strategic Planning for Business Survival

By Karina Collins, Partner, Performance Improvement Consulting

How clubs respond to future growth opportunities and threats, such as government changes to gaming, need to be considered strategically in order to avoid costly mistakes. The key to survival is to learn from nature's 'adapt or die' philosophy.

For businesses, effective strategic planning is the primary tool for organisations to evolve and adapt to the changes they face on their path to success. As organisations grow and transform through various business stages or 'lifecycles', they face recurring patterns of issues and opportunities that need to be considered and managed well to harness both the opportunity as well as to minimise the risk that growth brings.

The good news is that the days of long, laborious strategy sessions that produce bulky strategy documents that are too difficult to implement are over.

Many sectors are under pressure in today's fast growth economy. In order to be successful you need to ensure that you clearly understand where the industry is heading and how to best position your club for a prosperous future. The approach required considers a whole-of-business approach to strategic planning and decision making. This streamlined process provides you with a targeted and achievable strategic plan that you can implement, rather than a set of bulky strategy documents that are never executed.

Business Evolution

As occurs in nature, organisations must either evolve and adapt to changes in the environment or face the reality of becoming extinct.

In his 1972 Harvard Business Review article "Evolution and Revolution as Businesses Grow", Larry Greiner studied the transformation of a business as it evolves and looked at the business drivers that underpin it. Greiner's business evolution model described three stages of business evolution – Innovators, Growth Companies and Tomorrow's Leaders.

In today's economy, we could describe these three stages as SMEs, Middle Market Businesses and Mature Businesses.

As organisations evolve from SME, to middle market, to mature, they experience common stages of evolution. Greiner defined these stages as Creativity, Direction, Delegation, Coordination and Teaming. As an organisation moves through each stage, it experiences confusion and stress, which typically occurs towards the end of the stage and which forces it to move through to the next.

Typically this 'force' comes from a crisis situation in which the organisation recognises the need for immediate change. Strategic planning as a tool can help organisations to understand and plan for each stage, which, in turn, reduces or eliminates the stress associated with change.

Trends

The impact of poor strategic planning can be seen in ad-hoc decision making by management, strategic initiatives not being implemented, budgets not being met and a negative culture towards strategic planning and associated processes.

In our work with businesses and organisations in the area of strategic planning, we are seeing some worrying trends:

- Organisations are trying to address the issues they face on a day-to-day basis, rather than looking deeper to find the underlying cause of the issue.
- Organisations are making decisions which are not strategy led.
- The organisation's leaders are not having a clear and concise vision for the business and how it is going to get there.
- Organisations are dealing with bulky strategy documents that are never executed.
- Organisations don't understand strategy.

Approach to Strategy

We recognise that overall business transformation needs to happen across all business areas in order to drive strategic change. Using a balanced scorecard application across the whole of business, we recommend you consider the following areas: Financial, Customers, Processes and Systems, People and Resources. In this way, you are not only looking at broader financial and business goals, but are also determining whether your organisation's culture is ready for strategic change and whether you have the capacity and resources to implement change.

The most successful businesses are those where the top team is united in knowing where it wants the business to go and how to get there. BDO Kendalls recommend you take a 'backward planning' approach to business strategy. This means that you look at where you want to get to and how will you get there.

The key outcomes of any strategic planning should be a clear understanding of vision, purpose and core values; a focus on the next steps and how to transfer the strategic planning outcomes into the business; as well as strategies which can be measured and executed.

Rather than adapting to your environment and hoping for success, winning businesses are those that adopt a strategic approach to planning for business success.

Karina Collins is a Partner within the BDO Kendalls Growth services consulting division. Focusing on emerging and growing businesses, Karina specialises in the analysis, development and implementation of business strategies that drive both corporate and operational performance improvement. Her approach to helping businesses build and execute their strategic goals is built around her background in finance, business and technology which enables her to deliver an organisation-wide perspective of strategic change.