

Success isn't a matter of chance but rather a matter of choice. This concept really encapsulates why it's important to have a clear strategic direction and strategic plan. Business success isn't going to happen by accident. You must look into the future and create a plan for wherever it is you're trying to go. If you aren't intentional about the direction of your business or department, you aren't likely to get there.

This article gives you many reasons why you should care about strategic planning. If you or your boss need convincing, the statistics as well as the intangibles are covered in the sections that follow. A peek at what high-growth organizations are doing can show you how planning impacts your growth.

Reason #1:

You'll Get Better Results (We Promise)

Everyone wants better results, right? Those results can be to earn more money, to use resources better, to create a more effective and efficient team, to improve your work/life balance, and so on. And strategic planning helps. The benefits to strategic planning are both intangible and show hard bottom line ROI.

As business owners, you care about what falls to the bottom line. I do too. A major reason my company focuses on strategic planning is because it does make a financial difference. To verify this, in 2005, we conducted a research study of strategic planning and strategy execution of 280 firms in the United States. The bulleted list below provides the results of that study and explains what you can expect to achieve as well.

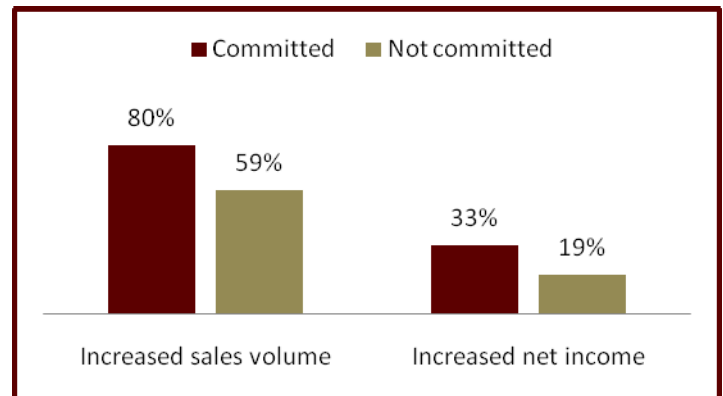
Impact on sales volume:

- Of those firms whose top management had a high commitment to execute strategic planning, 80 percent reported that their sales volume increased during that year.
- Of the firms whose top management had a lower commitment (average or below) to execute strategic planning, only 59 percent reported that their sales volume had increased during the year.
- From another perspective, firms whose top management had a high commitment reported 12

percent greater increase in sales volume than did those with a lower commitment.

Impact on net income:

- Of the firms whose top management had a high commitment to execute strategic planning, 33 percent reported that their net income had increased during the year.
- Of those whose top management had a lower commitment (average or below) to execute strategic planning, only 19 percent reported that their net income had increased during the year.
- From another perspective, firms whose top management had a high commitment reported 11 percent better net income than did those with a lower commitment.



Reason #2: Strategic Planning Is the Leading Management Tool

In 1993, Bain & Co., a leading management consulting company, launched an annual research project to get the facts about management tools and trends. The objective of the study was to provide managers with information to identify and integrate tools that improve bottom-line results as well as understand their strategic challenges and priorities.

Bain has assembled a database that now includes 7,283 businesses from more than 70 countries in North America, Europe, Asia, Africa, the Middle East, and Latin America. The *Bain & Company's 2006 Management Tools* survey received input from a broad range of international executives. So what does this study tell us? That year after year, strategic planning is continually the #1 preferred management tool

Why Strategic Planning Impacts Growth

and used by companies worldwide with very high satisfaction rates. Strategic planning isn't just a management fad that is the latest and greatest from academia.

The complete study is available at
www.bain.com/management_tools/home.asp



Reason #3: Failing to Plan Is Planning to Fail (It's true!)

If organizations fail to anticipate or prepare for fundamental changes, they may lose valuable lead time and momentum to combat them. These fundamental elements of business are customer expectations, employee morale, regulatory requirements, competitive pressures, and economic changes, and they're always in flux. Many times businesses achieve a level of success and then stall. Strategic planning helps you to avoid the stall and get off the plateau you find yourself on. Accidental success is dangerous. Succeeding without a plan is possible, and plenty of examples exist of businesses that have achieved financial success without a plan. If you're one of them, consider yourself lucky, but ask yourself this question: Could you have grown and become even more successful if you'd organized a little bit better? I'm willing to bet your answer is yes.

Reason #4: The Best of the Best Do It

High-performance organizations have fundamental differences that set them apart from other organizations. There are tons of studies out there that dig into the hows and whys of companies that are ahead of the pack. But instead of getting lost in the details and differences of these studies, take a look at the basics.

High-performance organizations accomplish extraordinary results, and they do it with ordinary people. If you keep waiting for extraordinary people to come along and make things happen, you're going to wait a long time. Instead, your goal should be to transform your organization in such a way that your people are capable of delivering high performance every minute and every hour of every day.

Becoming the best at something is often achieved by modeling the behaviors of winners and putting those behaviors into practice. Here are the characteristics of a high-performance company:

- ✓ Has a purpose that focuses the energy of all its staff (typically, that purpose is to be the best there is or ever was)
- ✓ Simultaneously and continuously maximizes the self-interests of all its stakeholders
- ✓ Outperforms all others (by any measure) not because of what propels it, but in spite of any and all obstacles that impede it
- ✓ Makes it possible for ordinary people to perform in an extraordinary fashion
- ✓ Transforms its people into owners of the organization's destiny
- ✓ Is a healthy organization committed to being great, no matter what it takes
- ✓ Knows that the execution is more important than the strategy

A strategic plan is the means. Growth and high-performance are the end to those means.

About M3 Planning

M3 Planning is a strategic planning firm that works with growth-oriented organizations to develop and execute their strategic plans. Strategic planning helps you pave the most direct path towards your vision while driving growth and saving you time and money. M3 is the development company for MyStrategicPlan, MyNonprofitPlan, and MyChurchPlan.

Ready to get your strategic plan done? Go to MyStrategicPlan.com or call 775-747-7407.