

# The Strategic Business Planning Guide

A business plan can be an invaluable management tool, if it is well prepared, reviewed, and updated on a regular basis.

It can serve as a map for making the daily decisions with which a growing business contends. Financial backers, venture capitalists, private investors and even bankers seek business plans as the first step toward investment decisions.

While you could write a book on strategic planning, and many have, below are key questions that should be answered in a strategic plan. The questions below are a solid starting point for a new plan or for reviewing your current one.



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## **1. Executive Summary:**

- a. A synopsis of the company's strategy for succeeding
- b. A brief description of the management team's qualifications
- c. A brief description of the market
- d. A brief description of the product or service
- e. A capsule summary of key historical and forecasted financial data
- f. An estimate of the amount of the funds you need, how you will use the money and how lenders will get their money back
- g. A realistic picture of the risks inherent in the business

## **2. Company Description and Strategy:**

- a. What business are you in?
- b. What are your products and/or services?
- c. What benefits do your products and/or services provide to your customers?
- d. Why are you uniquely qualified to be in this business?
- e. How you are distinctive from your competition?
- f. What is the present stage of the company (start-up, initial growth, rapid growth, maturity, etc.)?
- g. What are your company's weaknesses and threats?

## **3. Management and Organization:**

- a. Why is the CEO qualified to lead the company?
- b. Do the strengths and experience of the management team match the goals and strategies of the business?
- c. If your management team is not yet complete, what is your action plan to add the necessary talent?
- d. How will you find the human resources you need to implement your strategy?
- e. Are your compensation and benefits competitive enough to attract and retain the right human resources?
- f. How will you address the ongoing development needs of your workforce?

#### **4. The Market and Competitors:**

- a. In which industry or industries do you operate?
- b. How are these industries changing?
- c. What changes will affect the need for your product or service?
- d. What is your specific target market(s) within your industry?
- e. What market changes may affect customers' ability to afford your product or service?
- f. What is the size and geographic spread of your market(s)?
- g. Which companies make up your competition?
- h. What are the key factors motivating customers to buy your product or service?
- i. How is your product or service differentiated from your competitors?
- j. Is your market price sensitive?

#### **5. Product or Service Description and Analysis:**

- a. What are the key milestones in the research and development process?
- b. What are the costs to complete the development of the current product?
- c. Are you capable of monitoring the need for product improvements and changing the production cost structure as the industry, competitive or substitute products, and customer needs change?
- d. How much are you spending on research and development?
- e. How do you select new products for research and development?
- f. Do you have intellectual property?
- g. How much manufacturing space is needed?
- h. What type of capital equipment is required?
- i. What impact will changing technology have on equipment needs?
- j. Are any parts or supplies difficult to get, or require long-lead times?

## **6. Marketing and Sales:**

- a. How are you positioning your product or service?
- b. What are the key messages that you want to convey in your marketing materials?
- c. What types of marketing media will you use to promote your product or service?
- d. What is your marketing plan?
- e. How much will you spend?
- f. What distribution channels are you using and what selling methods are appropriate for each channel?
- g. Do you need your own sales force?

## **7. Financial Information:**

- a. Have you carefully analyzed your financial statements to explain results to investors and form the foundation for projections?
- b. Are assumptions consistent with the results of market analysis and the other sections of the business plan?
- c. What form of investment are you seeking?
- d. How will you use the funds obtained?
- e. What is the exit/payback strategy for lenders and investors?

Answering those questions will get you a solid start on a strategic plan or a plan update. As a business owner, you will greatly benefit from the focus and clarity a proper strategic plan can provide. And especially when you have employees, a solid strategic plan will help your employees understand your business objectives and how their daily actions contribute to it.

So if you don't already have one, let's get to it. Also, once you have drafted one up, discuss it with your CPA or business advisors. They can help provide insights that may help to clarify your plan.

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