

Veterinary Specialty Practice Alliance Conference May 2015

“Strategic Planning” Your Road Map to Business Success

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Agenda

- Introductions
- Strategic vs. Tactical Planning
- Business Elements to Consider
- Balanced Scorecard
- SMART goals
- Tools (Competitive Analysis, SWOT, PEST, Financial Benchmarking, Worksheets)
- Customer Relationships



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What is a Strategic Plan?

- Linked to company vision
- Establishes long-term direction (3 to 5 years out)
- Provides long-term clarity and focus
- Benchmarks/Milestones
- Framework for expanding the business
- Generally ONE strategic goal for the planning cycle
- NOT a Business Plan



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What is a Tactical Plan?

- Linked to Strategic Planning Goal
- 1 year to 3 year “action” cycle
- Tied to accomplishing Strategic Goal
- Specific tasks, assigned to individual, defined time lines, identified resources (people, financial, equipment, technology, other)
- Generally no more that 6 Tactical Goals for one Strategic Goal



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Business Elements to Consider (1/2)

Business Concept

- ✓ Market Position
- ✓ Customer Portfolio
- ✓ Business and Revenue Model
- ✓ Product Array

Customer Relations

- ✓ Marketing
- ✓ Sales/Service/CRM
- ✓ Branding
- ✓ USP



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Business Elements to Consider (2/2)

Operations

- ✓ Facilities/location
- ✓ IT Infrastructure/systems
- ✓ Product and Distribution
- ✓ Financials/funding growth

Organization

- ✓ Advisory Board
- ✓ Employees/partnerships/alliances/stakeholders
- ✓ Business processes
- ✓ Legal issues



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What is a **BALANCED SCORECARD**?

Classic definition: "A strategic planning and management system used to align business activities to the vision statement of an organization."

WOW!

And now...the rest of the story.



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Balanced Scorecard

"A method of considering all possible impacts on a business strategy, including external and internal forces, drivers, objectives, and results."

FINANCIAL: Maximize stakeholder value

CUSTOMER: Exceed customer expectations/inspire loyalty

INTERNAL BUSINESS: Quality products, operational effectiveness

LEARNING AND GROWTH: Recruit quality staff, train and empower



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Balanced Scorecard Pictorial



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S.M.A.R.T. Goals

- S – Specific (What, where, how?)
- M – Measureable (Numbers)
- A – Assignable, actionable (Who will do it?)
- R – Realistic (Challenging, yet attainable)
- T – Time-Based (When)



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Tools

- Competitive Analysis
- S.W.O.T. Analysis
- P.E.S.T. Analysis
- Financial Benchmarking
- Action Planning Worksheets



Which One Are You?



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Competitive Analysis

Purpose

- Assess competitors' strengths/weaknesses
- Decide/Implement effective strategies
- Improve competitive advantage



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Competitive Analysis

Preparing Your Competitive Analysis

- Conduct research
- Gather competitive information
- Analyze information
- Determine your competitive position



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S.W.O.T. Analysis



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S.W.O.T. Analysis



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P.E.S.T. Management

- The external macro-environment in which a business operates
- Usually cannot control
- Anticipate potential impacts and plan for



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P.E.S.T. FactorsPOLITICAL

- * Tax Policies
- * Employment Laws
- * Environmental Regulations
- * Political Stability

SOCIETAL

- * Health Consciousness
- * Population Growth
- * Demographic Changes
- * Disposable Income

ECONOMIC

- * Economic Growth
- * Interest Rates
- * Inflation Rates

TECHNOLOGICAL

- * R&D Activity
- * Automation
- * Technology Incentives
- * Rate of Technology Change



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Suggested Resources

LexisNexis.com/risk (industry assessment, predictions, risk)
 FirstResearch.com (industry profiles, risks, opportunities)
www.netadvantage.standardandpoors.com/NASApp/NetAdvantage/index.do
 (Standards & Poors industry economic information)
 IBISWorld.com (industry strategic insights)
www.euromonitor.com/passport
 (Research data base of industries, e.g., pet care, economic, future trends)
www.factfinder.census.gov (American Factfinder)
 (domestic economic trends, US, state, county, city)
 Trade Associations



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Financial Benchmarking

Purpose

- Establish goals
- Identify market opportunities
- Take advantage of competitor weaknesses



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Financial Benchmarking

Four Components of a Benchmarking Program

- Identify areas requiring benchmarking
- Collect & analyze data
- Recommend & implement changes
- Evaluate results



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Financial Benchmarking

Useful Financial Benchmarks

- Margins (%) (Gross, Operating, Net)
- Sales (\$) per Employee
- Accounts Receivable (# of days)
- % Cost of Sales (COS)/ % Cost of Goods (COG)
- Marketing Expense as a % of Revenue



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Suggested Resources

- American Veterinary Medical Association. (AVMA.org)
- American Animal Hospital Association. (AAHANet.org)
- DVM360.com
- BizStats.com
- IRS Corporate Sourcebook
- Bureau of Labor Statistics
- Department of Labor
- Census Bureau
- Dun & Bradstreet
- Risk Management Association



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Action Planning Worksheets Handouts



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Example – Strategic Goal

Strategic Goal: "Position business to double revenues by 2014 to \$1.5M"

Expected Results: "Gross profits = \$1.5M, Full Time electricians = 6"

Critical Measures of Success: "Gross profits, Net profits, A/R collections and aging, Government Contracting plan/revenues"



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Example – Tactical Goal

Tactical Goal: "Improve A/R levels to industry standards"

Expected Results: "Reduce outstanding levels to < \$178,545"

Critical Measures of Success: "A/R Days = or < than 56.78 days"

Step 1: Determine current A/R Days

Step 2: Establish system and reports to monitor on monthly basis

Step 3: Analyze late payment history by customer and develop corrective action strategy for each

Step 4: Develop standard invoice with payment due dates



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Customer Relationships

- Understand customer needs and problems
- Meet commitments
- Provide superior after sales support
- Always tell the truth
- Have a passionate interest in establishing and retaining a long-term relationship



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Customer Relationships

- Trust
(trust in the ability, integrity, and motivation of the company serving me; implicit or explicit)
- Value
(the seller satisfies my needs at a greater benefit than offered by competitors; measured in monetary, temporal, functional, and psychological terms)



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**Customer Relationships
Loyalty vs. Customer Satisfaction**

Customer Satisfaction Measurements:

HARD – product, price, features, things the seller can control

Loyalty Measurements:

SOFT – feelings, benefits, emotion



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Customer Relationships

Why do customers LEAVE?

- Customer service
- Quality
- Convenience

Why do customers STAY?

- Perceived value
- Trust (no broken promises)
- High satisfaction
- Emotionally satisfied



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**Customer Relationships
How are you doing?**

Ask them!

Informally (you, staff, on visits)

Formally (customer satisfaction surveys)



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To find your local Small Business Development Center:

www.AmericasSBDC.org

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