

# WHAT'S IN YOUR PLAN?

## What a Strategic Plan Is, and Why Your Business Needs One

By Liz Lichtenberger, [llichtenberger@nrha.org](mailto:llichtenberger@nrha.org)

**F**rank Strano has some decisions to make.

Strano is the owner of family-owned Ambridge Do it Best Home Center in Ambridge, Pennsylvania. He's planning to retire in a few years and will pass the business along to his son, David. In those few years leading to his retirement, the two are working together to decide on the next steps for the business.

The store has one 40,000-square-foot location on 6 acres, and one option is to expand the business. "Our industrial/commercial business is doing well, so we could expand that," Strano says. "A major brand has contacted me about possibly putting in some paint stores. And I have two city blocks sitting alongside a major highway, so I have room to develop a strip mall."

He's also considered expansion into multiple locations, including into nearby Pittsburgh. But Strano realized that, before he or his son made

any decisions about the future of the store, the first step was to put together a strategic plan.

Maybe you, too, have some decisions to make, or maybe you just want to make sure you have some documents put together that better define where your business is and where you'd like to take it over the next few years. Either way, a strategic plan could be helpful to you and is something every retailer needs.

Strategic planning is often overlooked in small business where the day-to-day operations often take precedence over long-range planning. Unfortunately, this lack of planning is also a detriment to the long-term health of smaller operations.

But how do you do it? Read on to learn more about the components of a successful strategic plan, how the experts say you should go about putting one together and how some retailers are successfully building strategic plans for their businesses.

# What Is A Strategic Plan?

Simply put, a strategic plan is a written plan that outlines where your business currently is and where you want to take it in the future.

It comes with several components that more closely look at both short- and long-term objectives and a financial analysis. And it doesn't have to be a lengthy or an overly formal document.

Next, we'll talk a little more about the specifics of how you should go about the strategic planning process. We spoke with experts who gave us some insight on what strategic plans need and how you can put your plan into action.

To learn more about the components of a strategic plan and see some examples for each of the components that make up a plan, visit [hardwareretailing.com/strategic-planning](http://hardwareretailing.com/strategic-planning).

## MISSION STATEMENT

*An overarching view of your business's purpose*  
The mission statement includes information about what you want to accomplish and how you want to do so. It should briefly but clearly state what your business exists to do.

## VALUES STATEMENT

*A reflection of the core values of your business.*  
The values listed here should not change as you form a strategic plan. As you look at different

parts of the plan, make sure they accurately reflect what's written in your values statement.

## SWOT ANALYSIS

*An analysis of your operation's strengths, weaknesses, opportunities and threats.*

Conduct a SWOT analysis of your business before you begin the planning process. The findings will be the foundation for your plan. Do regular analyses to keep tabs on what's happening so you can capitalize on the positives and combat the negatives. Keep in mind that, while you should analyze your finances at this time, you'll want to do a comprehensive financial assessment later in the process.

## SHORT-TERM GOALS AND OBJECTIVES

*What you hope to accomplish in the next one to three years.*

Make sure these goals, which should play a role in realizing your long-term plans, are specific and measurable. For each goal, state who is involved, what will be done and when it will be done.

## LONG-TERM GOALS AND OBJECTIVES

*What you hope to accomplish beyond the next three years.*

These goals will probably need revisions every few years, so review them regularly. Long-term goals should help you reach the vision for your business.

## FINANCIAL ASSESSMENT

*A combination of past numbers and future projections that gives you a clear picture of your company's financial health.*

This assessment will help you more easily see what you can and can't afford. It's important to take a full look at your finances once you've set your short- and long-term goals and continue to do regular checks of your finances. ➔



Frank Strano

## Writing a Mission Statement

The mission statement is one of the first components you should look at when putting together a strategic plan, as it contains the building blocks upon which you'll build that plan.

It may be just a few sentences, but since it's the core of your business and the first step to your plan, a mission statement can be intimidating to write. Start by reading through mission statements for businesses like yours.

"See what ideas from those resonate with you," says Mark McNulty, CEO and founding partner of

HR Dimensions, which offers strategic planning consultations, among other services. Also answer some basic questions about your business. "What's the value proposition your business brings? Who do we want our customers to be? What is the scope of our business? These are all questions to ask," he says.

He warns not to let the mission statement get too long or complicated. "If someone walks up to you and asks what your organization is about, it ought to roll right off your tongue," McNulty says.

# Want to learn more?

Go online to [hardwareretailing.com/strategic-planning](http://hardwareretailing.com/strategic-planning) to learn more about strategic planning and print out some worksheets to help you get started with your plan. Also, check out our video of retailer Frank Strano, and learn more about how and why he's working on his strategic planning process.

The North American Retail Hardware Association (NRHA) also offers other resources for strategic planning, including its annual Cost of Doing Business study, Market Measure report and classes with the Retail Management Certification Program, among others. Learn more at [nrha.org](http://nrha.org).

- **Cost of Doing Business study:** This annual report assesses the financial performance of home improvement retailers. based on confidentially submitted financial reports for the previous fiscal year.
- **Market Measure:** This report, published annually in *Hardware Retailing*, includes financial benchmarks, housing updates and distributor performance data.
- **Retail Management Certification Program:** This six-month, college-level program helps up-and-coming retailers develop their management and leadership skills.

**COMPONENTS OF A STRATEGIC PLAN**

Click on the steps to the left to learn more about each part of a strategic plan.

The mission statement is an overarching view of the purpose of your business—what you want to accomplish, and how you want to do so. In short, it states what your business exists to do.

**EXAMPLE:**  
The Fuller Center for Housing's mission statement: "The Fuller Center for Housing, faith-driven and Christ-centered, promotes collaborative and innovative partnerships with individuals and organizations in an unrelenting quest to provide adequate shelter for all people in need worldwide."  
Click Here to Go to Worksheet

**INTERACTIVE PDF**  
This clickable PDF provides definitions, examples and more information about each step of the strategic planning process.

**WORKSHEETS**  
Ready to do some planning? Go online and find worksheets for the different steps of the process to help you get started.

**SHORT-TERM & LONG-TERM GOALS WORKSHEET**

Go Back to Main Page

Goals: Long-term and short-term goals go hand in hand—the long-term goals look at your company's bigger picture, and a series of short-term goals will help you reach those long-term goals.

Name a long-term goal:			
Goal:			
Accomplish by:			
Look at some short-term goals that will help us get there.			
What do we want to accomplish?	What are the steps we need to take?	Who will be involved?	When would we like to accomplish by?

Goal:

Accomplish by:

Look:

What do we want to accomplish?

**SWOT ANALYSIS WORKSHEET**

Go Back to Main Page

**STRENGTHS**  
What do you do better than anyone else in your market?  
Ex: Top-of-the-line customer service

**WEAKNESSES**  
In what ways are you at a disadvantage?  
Ex: Perception of high prices

**OPPORTUNITIES**  
What are some areas where you may be able to improve your business?  
Ex: Social media marketing

**THREATS**  
What are some areas where you may struggle with competitors?  
Ex: Popularity of online shopping

# Why Should You Develop One?

**T**he world of retail is a fast-moving one. Technology continues to make advances, and online shopping becomes more and more popular. Meanwhile, new businesses—both local and chain stores—open throughout the country, while others close.

There's a lot going on, but it's important to make sure your business is in the best shape it can be. You should keep your values and goals well-defined so you have some guidelines as you make decisions.

Frank Strano, with Ambridge Do it Best Home Center, and his son are working on a strategic plan for their business, using the services of their three-person advisory board as they put their plan together. They have several options for which direction they want to take the business—adding new locations, expanding at their current one, bringing in a new paint business, expanding their industrial/commercial business and more—but they want to get a plan on paper before making any decisions.

"I have money in the bank, but I don't know what to do with it," Strano says. "I know the single-store location we have now isn't the answer. I think putting a plan together will give us the information we need to make the best decisions for our business."

Strano says he only regrets he didn't do it sooner. "My No. 1 regret is that I never had a strategic plan. We basically went year to year with the idea of growing and changing, but we didn't look closely into the future. I wish I would've done this a lot sooner—we've been lucky to be successful and profitable, but I should have had some clear goals. Not having those may have hurt me. My tip would be for everyone to have a strategic plan."

Experts agree. "It's a fast-moving marketplace," says Eric Douglas, president of Leading Resources Inc., which offers strategic planning and other

consulting services. "You need to understand your customers and your competitors. The strategic plan gives you a process to interrupt your day-to-day way of thinking and instead think ahead about what you want to do a year or two from now."

In some cases, the strategic plan may be the difference between your company becoming more successful than ever and going out of business.

"If you look at the history of some North American retailers, you'll see a number of companies that have gone out of business or are struggling, and in some cases, the lack of a robust strategic plan is to blame," says Mark McNulty, CEO and founding partner of HR Dimensions, which offers strategic planning consultations, among other services. "In other cases, the miscalculations about what was happening in the retail space are to blame. It's easier to avoid those miscalculations if you have a strong strategic plan."

## Taking the First Steps

So you're ready to get started putting together a strategic plan. But what do you do first?

The first step is to decide who will help with the plan. It shouldn't be something the store owner does alone. Rather, the planning should involve managers, assistant managers, sales associates, outside consultants or even customers.

"I think it's important to be more inclusive, rather than less," says McNulty. "An owner sitting down with his or her spouse and putting the plan together probably isn't the best solution."

You'll also need to decide who will have final say in decisions and who will be involved in focus groups and research. Once you have a list of everyone involved, you can start planning initial meetings, which McNulty and Douglas agree should be held face-to-face whenever possible.

If you have a family-owned business, it's even more important to have outside sources. "You need

## About the Consultants



### Eric Douglas

Eric Douglas is the founder and president of Leading Resources Inc., a consulting firm that serves clients across the country. Through his expertise in governance, strategic planning and change management, Douglas has helped hundreds of executives and client organizations achieve higher levels of performance.

Prior to becoming a consultant, Douglas was an executive in the newspaper and magazine industry. He has been honored by the Institute of Management Consultants for his work and devotes considerable time to charitable and community projects.



### Mark McNulty

Mark McNulty is CEO and founding partner of HR Dimensions, LLC, the leading human resources consulting firm in Indiana focusing on talent management. He has more than 25 years of executive management experience managing all functional areas of companies.

He received the Outstanding Personnel and Industrial Relations student award by the American Society of Personnel Administration, as well as many other academic honors. He is also a successful entrepreneur who has coached and led senior executives and teams in the manufacturing, logistics, food and service industries.

someone from outside who can come in and ask questions about the business and its future,” says Douglas. “This person can make sure you aren’t hung up on family dynamics. They can review your succession plan and make sure you have a good one in place.”

It is also important to make sure everyone involved in strategic planning brings their opinions to the table.

“It can be easy to fall into a pattern of groupthink, where everyone automatically agrees with the president or CEO, and that’s not right,” Douglas says. “He or she needs to hear lots of different perspectives and out-of-the-box thinking, rather than people being scared of speaking out in a way that sounds contrary to what the boss thinks.”

Once you’ve determined who will be involved in the process, think about the time frame you’d like to cover with the plan. “One to three years is common today,” says McNulty. “A typical plan includes a long list of possible action plans that can be narrowed to a short list.”

It is also important to decide how much time you will give yourself to put the plan together and how often you will review it.

“Don’t create a document and then put it on a shelf,” says McNulty. “It should be a living, breathing document that should be reviewed regularly—at least every quarter—and updated as conditions change.”

Determine what you want to get out of the plan. Strategic planning is all about goals, but what are your goals for your strategic plan?

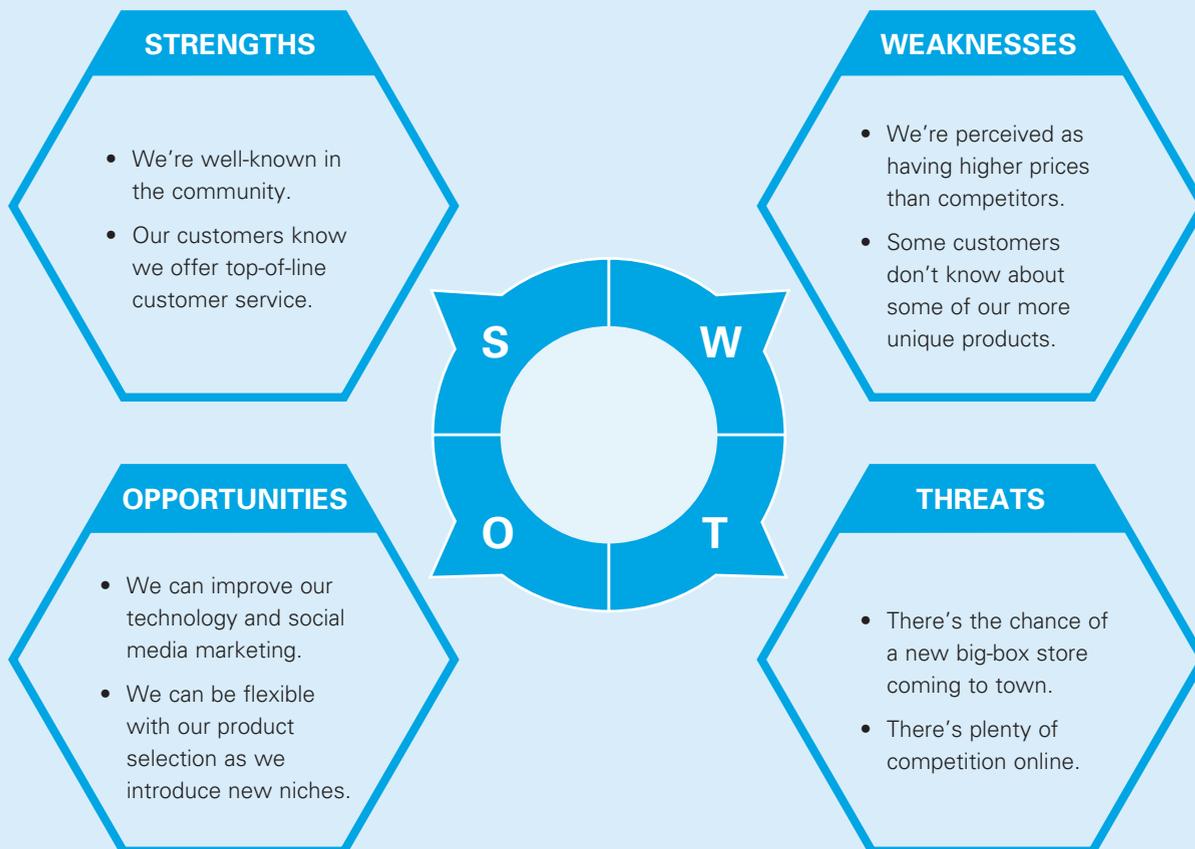
“Make sure you know what you want to do with this plan; know why you’re investing your time in it,” Douglas says.

Keep it short and sweet. Just like the mission statement, the strategic plan doesn’t need to be long.

“Some of the best plans we do are two or three pages,” says Douglas. “Sometimes people do plans that are 30 or 40 pages, and the weight of it drags it down. The worst thing that can happen to a plan is that it isn’t used on a weekly or monthly basis, and people are less likely to use a plan that’s that long.” —

## Examples of a SWOT Analysis

A SWOT analysis is a critical tool in building your strategic plan because it forces you to look at different aspects of your business, both positive and potentially negative. Here is the basic breakdown of how a SWOT analysis works.



# How Have Retailers Done It?



**ALAN BRYANT**  
True Value Homecenter  
Three locations in California

**A**fter Alan Bryant, co-owner of True Value Homecenter and a member of the True Value Board of Directors, helped the co-op with its recently released strategic plan, he knew it was time for him to do some planning of his own at a store level.

“After seeing the benefits of doing strategic planning with True Value, I instantly began orchestrating it in our store,” he says. “Although we’ve always had some type of plan and goals for our company, there was never any clear direction on how we could get from Point A to Point B.”

Bryant’s first step was to take a look at every aspect of the operation.

“We did a deep dive into every part of the business,” he says. “We thought it was important for our whole staff to be involved. Our sales associates on the floor looked at all the positives and negatives with our sales floor, our receiving department looking at their processes—everyone had a part one way or another. Then we looked at the findings to begin creating our actual plan.”

What Bryant and his staff found was that the plan should be divided into three parts: engagement, growth and efficiency.

“Those were our targets,” he says. “We divided all our findings, as well as our goals, into each of those three buckets.”

The “engagement” bucket includes interacting with staff, customers and suppliers. “Growth” has everything to do with store sales and how to grow the company not only in its three locations, but possibly by adding additional locations. For “efficiency,” they’re focusing on data and technology as ways to make their back-office processes more efficient.

Bryant knew that making a list of goals and trying to get through them all as quickly as possible wasn’t the way to go.

Rather, he wanted goals to be prioritized, starting with smaller, more easily achievable goals and then using the momentum from those achievements to move forward with the bigger objectives.

The first, “deep-dive” stage took a few months, and now that goals have been identified, Bryant and his staff are at what he calls “the fun stage,” where they’re beginning to implement plans.

“We are hoping to soon begin reaping the benefits of our plans and work,” he says.

He says it was important to him to make sure the staff was involved.

“We had meetings with the managers at each of our locations, and then they met with their

department managers and associates at each store,” he says.

“It’s important to have good communication and let everyone be a part of the strategic planning process.”

He says employees are now excited to begin putting the plans into action.

“I can really see a change in our staff,” he says. “I think everyone is energized and excited as we get started on our plans to reach our goals. They’ve helped from the beginning, and now they’re ready to help with the plan they were a part of creating. And we’re excited to see such a motivated staff.”

He is looking forward to what comes next for the business and the goals created for it.

“I’m excited and confident as we move forward,” he says. “We’ve always had goals posted on the wall that we were shooting for, but it’s great to have a game plan now.”

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**—Alan Bryant, Co-owner,  
True Value Homecenter**





## TONY BROOKHOUSE

Koopman Lumber  
Six locations in  
Massachusetts

**W**hen the recession hit several years ago, the management team at Koopman Lumber decided it was time to take action.

They began their strategic planning process by putting together a budget and listing specific goals for the operation.

“We wanted to get everything on paper,” says co-owner Tony Brookhouse. “We wanted to have a plan in place that we could manage to. Then we could more closely see what areas were profitable, which ones deserved more resources, and where we had to cut resources.”

For example, after taking a closer look at the numbers, the team decided to cut the floor covering category from their stores. “It’s painful to admit you’re wrong, but once we looked at everything, we saw it was time to get rid of it.”

“We built a brand-new store a year ago in a new market. When you start looking more closely at your business, you find these other opportunities.”

—Tony Brookhouse, COO, Koopman Lumber



There were positives, too. “We decided we wanted to expand in paint, and doing a strategic plan showed us we could do so,” Brookhouse says. “We bought two standalone paint stores. Without any strategic planning, we probably wouldn’t have done that.”

Every month, the management team members in the family business look at the budget. And every quarter, they take a day to look at their plan and make sure they’re on track, financially and otherwise. They do regular SWOT analyses, too, to make sure their business is where they want it to be.

“We try to look at our business the way the bank does,” says Brookhouse. “It can be sobering to look at things this way.”

While Koopman Lumber is a family business, other employees outside the family are involved in strategic planning. “We incorporate store managers into the planning process, and we regularly have all-day meetings with the sales force to go over the numbers in each of our categories, decisions we’ve made, and decisions we’re considering.”

He encourages other retailers to work with employees when doing their strategic planning. “As you’re planning, you’ll really find out your employees can help in some key areas. If there’s a certain department you want to focus on, you can get your best talent in there and watch it grow.”

Some of the goals management set for Koopman Lumber included increasing net profitability, reducing expenses and growing sales. “We’re the third generation—we bought the business from my father-in-law—so we’re currently working to pay it off,” Brookhouse says. “We’re trying to get out of debt so we can find other opportunities.”

He credits strategic planning for other changes to the business, too. “We built a brand-new store a year ago in a new market. When you start looking more closely at your business, you find these other opportunities,” he says.

The company has an advisory board that consists of four non-family members who meet with the family management four times a year to discuss business. “We show them the plan and go over it with them,” says Brookhouse. “They’re all retired from the industry, so they’re very knowledgeable.”

Brookhouse suggests that retailers look at their strategic plans regularly—but not too often. “Work on it, then put it away for a couple of weeks. When you come back to it, you’ll have a fresh perspective.”

And you should commit to the planning process for more than just a couple of weeks or months, he says. “Commit to it for at least a year. We’re now in our fourth year or so of doing it really well. It becomes easier, and it’s returned bigger profits.”

He also suggests retailers visit and talk with other retailers. “Talking to good retailers gives you better ideas about what you want to be,” he says. —