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Strategic Planning: Making Sure Today's Activity Leads To Tomorrow's Achievement

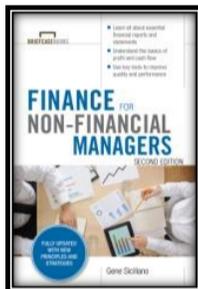
Strategic planning is not simply a method of defining some grand, future vision. It is a tool to make sure we are doing the right things today to get us where we want to be tomorrow. As such it may be considered a waste of time unless it ultimately manifests itself in relevant action taken today, tomorrow, and next week. Some would not see this as the classic view of strategic planning because it contains tactical thinking and near-term goals. OK, that's technically true, if we must be technically accurate. I believe, however, that it is the view that has the most meaning for today's CEO who wants to make sure the company's long-range plans actually lead somewhere beyond the lobby wall.



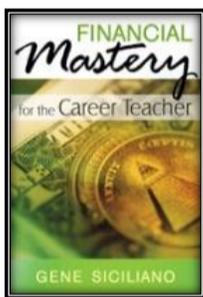
To achieve certainty on that score, the CEO must ensure that today's work has focus and tomorrow's goals have life. The key ingredient, in my view, is a long-range plan that is effectively linked to a short term action plan, not a long-range plan that leaves the implementation "to be determined." In turn, the short-term action plan must have metrics, benchmarks, and a monitoring and reporting mechanism. This may all sound terribly fundamental and hardly worth saying, and yet many long-range plans in use today will fail primarily because of the absence of that very implementation process that seems so obvious.



Finance for Non-financial Managers, 2nd Edition, McGraw-Hill 2014, covers 14 key topics in the increasingly demanding world of business finance. This new and significantly expanded revision includes a wealth of new material, following on the heels of the best selling original. Because managers can no longer afford to be non-financial.



Gene brings his extensive financial management acumen and plain language writing style to the world of personal finance with **Financial Mastery for the Career Teacher**, Corwin Press 2010. Written at the urging of an educational publisher, the guidance and strategies in this book will work for professional people well beyond the education industry.



Gene Siciliano is the founder and president of Western Management Associates, source of *Your CFO for Rent*® services for over 25 years. The firm provides interim and part-time CFO/Controller services, executive coaching and guidance in operational finance and exit strategy. Gene and his team of seasoned CFOs and controllers have a clear mission in their work with CEOs and owner/operators of privately owned companies. Our value proposition:

- Increase the company's net worth and profitability by improving the management team's financial proficiency and bottom line results, and
- Develop and execute strategies that will make your company more appealing to a buyer or investor, if and when the time comes for an ownership transition.

What does such a process look like? Certainly it starts with a solid long-range plan that may speak to grand goals, global progress and attainment of mission. But those goals must then be broken down into shorter range milestones which will clearly lead in the direction of the grand goals.

A strategic goal to be the number one company in your market must be backed up with meaningful progress in that direction each year in the planning horizon, ideally measured in movement up the pecking order toward the number one spot. As the year being planned gets closer to home, meaning *today*, the level of detail should grow and provide clearer guidance as to exactly what action must be taken to meet the intermediate target. In other words, you must develop and track metrics that will help you meet the milestones that you believe will ultimately get your company to the ultimate goal.



For example, if you have set a 3-year goal to increase sales volume by 50%, I would expect your 2-year goal would call for sales targets well ahead of current levels, perhaps 30 or 35% higher, along with a bit more detail about what that might look like. Details might include the new products that will be brought on line - some of which may need to be planned for during Year One of your plan. Your 1-year goal, however, will be in significantly greater detail, because it serves as the operating plan for moving the company meaningfully toward that 3-year goal.



Operating plan goals should speak to the products that will contribute to that sales growth, which markets the added sales will come from, and which sales offices will contribute how much in added sales to hit the 1-year goal.

In addition, the operating plan will define the resources that must be allocated during the year to meet product development targets for the products that will be sold in the following years.



Finally, management reporting during the year should carefully track the progress in terms of relevant metrics, e.g., the number of new sales offices opened vs. the benchmark - number of new offices that were planned to be opened. If the numbers were missed by the end of Year 1, you'd have to look seriously at the 3-year goal to see:

- what it will take to get back on track,
- what needs to change in years 2 and 3 to make that happen, and finally,
- if your 3-year goal is still reasonably achievable.

In turn, financial budgets should be built to mirror the 1-year operating plan in detail, so that the resources identified in the operating plan are available as and when they are needed.

Budget development, then, is not a separate financial exercise that is intended solely to limit expenditures; rather it is a tool to help ensure the resources needed to meet strategic plan goals are accumulated and allocated where they are needed, month by month and year by year.



In that sense then, the strategic plan is really a set of management tools that consists of the long-range plan, the short-range plan, and the operating budget.

Only by this all-inclusive planning process can a company expect to intentionally achieve its long-term goals.

Should you consider doing something today? Yes, yes, and yes!

And if you have decided to get started and you want help doing it, call me. I can help you 310-645-1091 or 888-788-6534.

Or [e-mail me](#) for more information.

Gene Siciliano, *Your CFO for Rent*®

