

STRATEGIC PLANNING FOR MIDDLE MARKET COMPANIES

MOVING FROM ASPIRATIONS TO A CONCRETE PLAN GROUNDED IN REALITY AND PRACTICALITY

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“At the end of the process, the strategic plan should serve as a meaningful and attainable strategic pathway for the company to pursue its mission, goals, and guiding principles.”

The discipline of strategic planning often takes a back seat to other key priorities at small- and mid-cap companies. Executives and business unit or divisional leadership of these companies necessarily focus on the enterprise's most pressing issues. The details of day-to-day operations, and the necessity of making key tactical decisions, achieving financial targets, and carrying out near-term planning, budgeting, and forecasting can consume significant amounts of time.

Indeed, these challenges leave little time for thinking about the company's strategic direction or bigger issues, including the opportunities and threats the company will need to address beyond the current business cycle and over the next three to five years. Yet, these strategic issues at small- and mid-cap companies are every bit as important as they are at larger enterprises.

This is not to say that middle market companies do not have strategies. In fact, in some cases, the company's mission, goals, and guiding principles—which together comprise the core foundation of all corporate strategies—are intuited and deeply understood by the management team and employees, even without a formal strategic plan. But unlike many larger companies, where there are generally robust staff resources, small- and mid-cap companies may not have the wherewithal to conduct ongoing and formal strategic planning or develop a formal strategic plan as part of the company's management process.

Keep it Focused

Our experience in working closely with middle-market companies has proven time and again that they unquestionably can benefit from a formal strategic planning process and having a documented strategic plan that aligns all levels of the management team. The key to making it useful for smaller companies, however, is to make certain that the approach and the strategic planning process are pragmatic, practical, and highly focused in scope.

A solid starting point is a focused approach that begins with an objective, third-party assessment. The assessment should provide a deep scan of the company's industry environment and the competitive landscape, and it should candidly assess the client company's strengths, weaknesses, opportunities, and threats (commonly known as a SWOT analysis).

From there, the key is to precisely define the parameters of the strategic planning process and the strategic plan, and to maintain a firm grasp of what is possible—or what must be made possible—given the realities of the company’s competitive position, resources and assets, existing internal infrastructure and operations, and capital structure.

While the company’s mission, goals, and guiding principles are the foundational groundwork to be defined or validated through the process, those aspirational elements must be tied closely to the realities of the business and be as concrete, measurable, and operationally focused as possible. In essence, the company’s mission, goals, and guiding principles become the foundation from which the strategic planning processes and the strategic plan are developed.

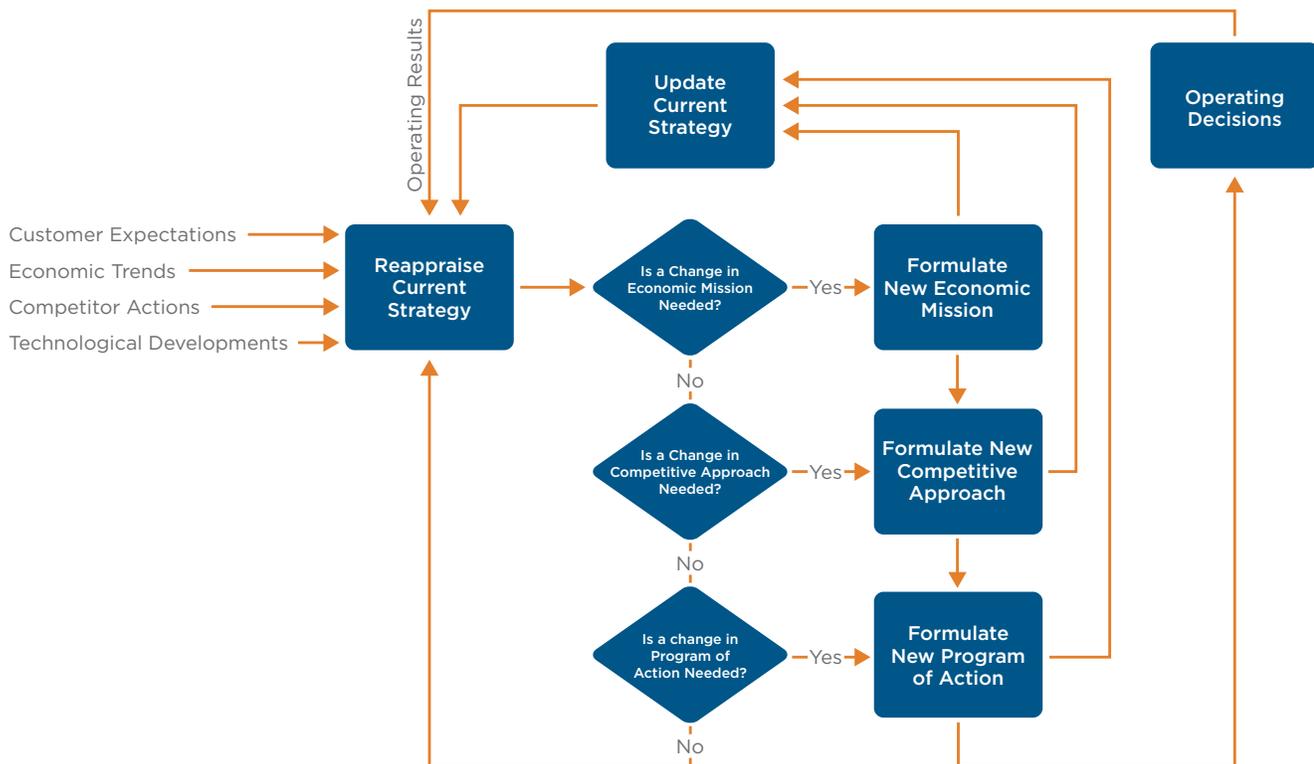
In our experience, it is important that collaboration and buy-in with both senior and middle management take place as part of the

strategic planning process. The team needs to understand what levers they have available to move toward goals and know the roles they play in attaining success.

The chart below highlights the basic approach that we generally recommend. This approach is customized to the client’s needs and the key outputs are typically both the strategic planning process and an actionable strategic plan.

At the end of the process, the strategic plan should serve as a meaningful and attainable strategic pathway for the company to pursue its mission, goals, and guiding principles. It should also be viewed as an iterative process, reviewed on an annual basis and modified, expanded, or edited to reflect the realities of the marketplace.

Huron has significant experience in helping small- and mid-cap companies and other enterprises create, modify, and update their strategic plans.



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