

SMALL BUSINESS MATTERS

Business Strategy: Do you have one?

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What does it mean to have a business strategy? Is it a “term” reserved only for big business or large corporations? Of course not. Every business or entrepreneur should have a strategy. It does not have to be a complex set of business plans or even a formal plan at all.

Many small businesses have informal strategies and find them useful. A strategy for a small business could simply be to increase or diversify sales by way of expansion into a new product line in order to make the business less dependent on existing products for survival or profitability. A strategy for a long time entrepreneur could be retiring, succession planning or preparation for the sale of a business in the next five years.

Simply put, having a strategy is just forward thinking and proactive long-term planning. Being an entrepreneur and running a business will have risks. A strategy will serve to minimize these risks and maximize potential opportunities. Just like entrepreneurship in itself, strategizing can be both exciting and rewarding.

When you first started out in your career or your business, it was probably the most energizing period of time in your work life. Things were completely new and you were probably very motivated. In fact, you may have worked diligently to make your mark, assess your opportunities, plan for the future and so forth.

Always evaluating your current business strategy will ensure you keep that motivation to find new ways to challenge yourself and your business. There are two approaches to managing the long-term planning of your business. The first approach is “wait and see what happens” and the other approach is to “make it happen”. The latter is definitely the better option.

It is not to imply that you must always seek change but rather plan for it. It just ensures that you take the time to set goals for your business, identify opportunities, and ensure you are prepared for both expected and unexpected change. To help in this process of planning and strategizing you have to look at both internal and external sources of information.

Look at trends in your historical financial records, seek input from employees, evaluate your products/services, observe the spending patterns of your typical customer, watch for changes in your marketplace, keep abreast of current developments in your particular industry and sector, and consider every detail that may either impact business, either positively or negatively.

Knowledge, good advice, and a good support system will also be an asset to you in planning for the long-term success of your business. Subscribe to magazines or publications that pertain to your business industry or sector. Discuss the operation of your business and key financial results with a professional accountant or trusted advisor. Take the time to meet and review the progress of your business regularly with business partners, shareholders/investors, or trusted key family members and friends. This will ensure you have a broader perspective and that you utilize all the resources that may assist you in long term strategizing for the future.

Managing a business involves working with the many day to day details of your business and operating within the current month, season, or year of planned activities. Do, however, take the time to look beyond your current business season. This way you will ensure you will have time to begin to adjust your approach this year, this season, or this month, if need be.

For more information on business financing and other services of CBDC South Coast call 1-800-303-2232 or 538-3846.