Department of Transport and Main Roads

OnQ Business Planning Guide

Great state. Great opportunity.

Queensland Government

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This guide has been based on a document titled 'The QR Business Planning Roadmap: Strategic Direction' written in March 1998. It has been amended by Steve McGrath and Craig Nelson to make it more generic (less QR specific) and to adapt it to the OnQ framework and the generic business plan template developed by the OnQ team.

This guide applies the OnQ project delivery methodology to the project pre-delivery, strategy development phase. The 7 steps in the planning cycle in Appendix 1 parallel the

5 steps from the OnQ concept phase, the monitoring step from Implementation phase and the last review step from the Finalisation phase.

1 Introduction

1.1. Intent of this guide

This guide is intended for anyone involved in business planning, at any organisational level executives, managers and supervisors who need to develop strategy and plans that will drive the future direction of their business.

Business planning is a time consuming, resource intensive process; it takes considerable effort. Business planning is also an iterative process. That is, at every stage of the process new understandings are developed that may cause review and alteration of earlier portions of the plan. Business planning is also a cyclic process that is repeated each year.

The quality of the resulting Business Plan will be a direct result of the effort that goes into its preparation. This guide offers a process and guidelines to trigger the thinking process by asking the questions that need to be addressed in planning future business strategy.

The written plan is simply the outcome of that thinking process.

This guide covers:

- Developing vision, mission and values
- Balancing commercial goals & public responsibilities
- Information collection, and techniques for analysis and evaluation

1.2. Strategic and business planning

Strategic planning is the term applied to the process of designing the strategy that will allow the organisation to grow and prosper. It needs to be a co-operative thinking and discussion process that involves both management and staff.

The strategic planning process culminates in a written strategic or business plan. This is a statement of what the organisation is going to do in the world, and how it is going to add value for its customers.

For a public sector organisation, the challenge in the strategic planning process is balancing the competing demands of its public responsibilities. Funding pressures require that the strategic planning thinking, and the business planning document, move closer towards a standard commercial business plan model than they have in the past.

This means that more of the content of the business plan needs to be shaped towards discussing and analysing what is intended to be done as if it was to be funded by a bank or financial institution. In other words, the economic feasibility and merit becomes relatively more important.

1.3. Balancing commercial goals and public responsibilities

Taking into account commercial objectives need not necessarily be in contradiction to the fulfilment of public responsibilities. However it is important to address, identify and explain value for money, whether that value is public welfare, or commercial return.

1.4. The role of the Business Plan

A business plan is the document put forward to a financial institution, or approving body, or government or corporate head office, to argue the merit of, and justify, an intended venture or an ongoing business operation, in order to gain the necessary funding to progress. This is similar to the way business cases are required for all new projects that will develop new products/services/improved operations.

Each supporting business plan and business case developed by businesses within the organisation must be compatible with and supportive of the higher level business plan(s) and the business plans of the customer business group(s).

1.5. Business plan presentation

The length of the business plan can vary considerably, depending on the complexity of the business. The strategic business plan generally includes the following elements.

- The Vision
- The Mission
- The Values
- The discussion and analyses that explain how the vision and mission are intended to become reality.

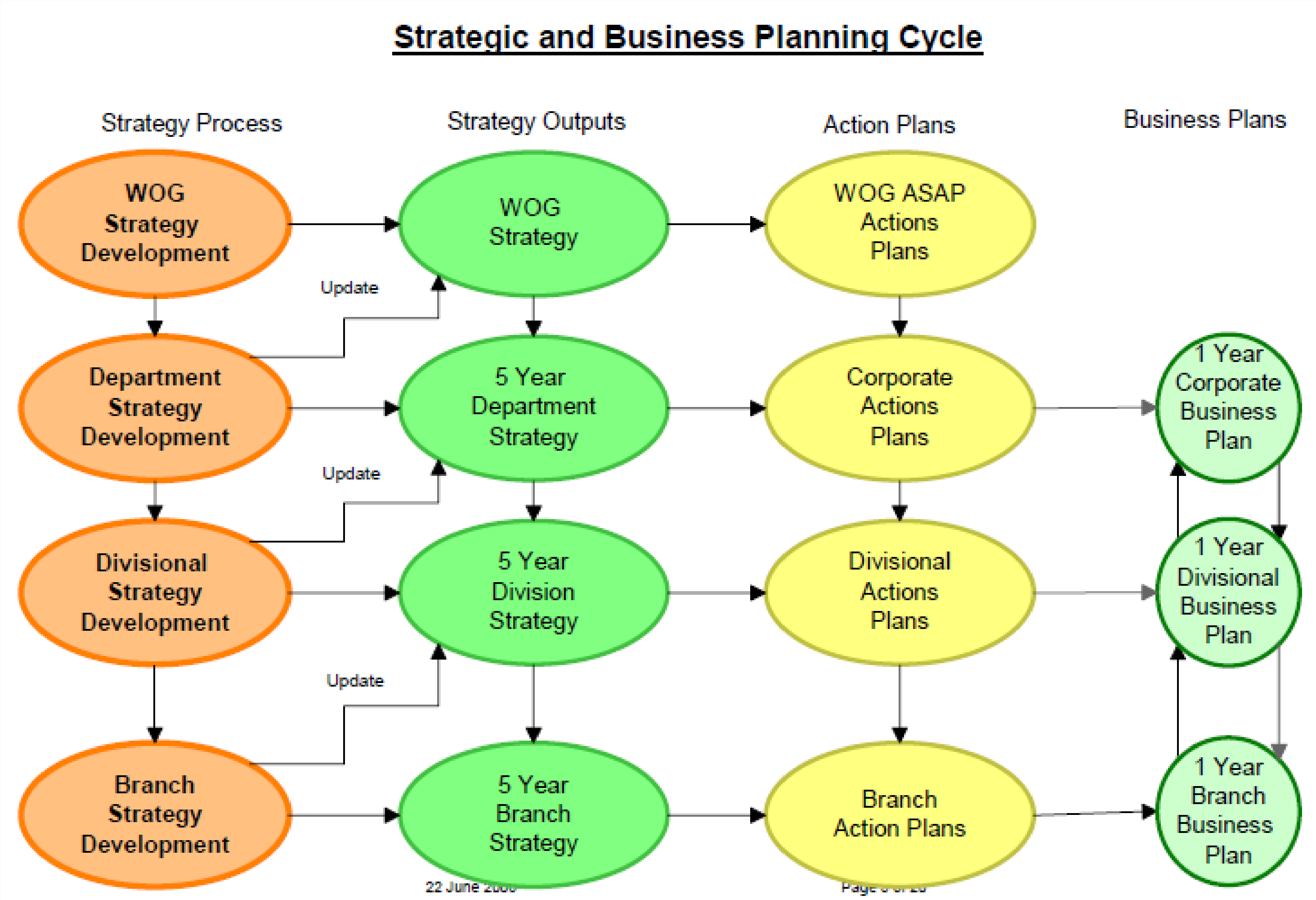
A template giving guidance on format and to ensure all necessary areas are addressed can be downloaded from the OnQ website in electronic form. Refer ‘Business planning’ in the ‘How to use this site’ box on the OnQ homepage.

It is also common (and very useful) to present the business plan in summary form on a single page. This form is generally used as a public document and as a mechanism for communication and sharing with staff. In addition to the vision and mission, it will often have such things as values, operating principles, and performance indicators. It is designed to capture the essence of what the business is about, or intends to do, on one sheet of paper, and is an ideal communication mechanism. It is important to keep this single page plan simple, and to avoid cluttering it with so much detail that is loses its impact.

1.6. Corporate Planning

The following diagram shows the relationship between strategic planning and business plans.

Figure 1 shows the relationship between Strategic plans at varying levels of Government



1.7. Definition of terms

There is some confusion with terms used in strategic and business planning. Commonly used terms are explained below:

Vision - A statement of why the business unit exists, or an expression of our desired future state. This is sometimes called: 'a dream with a date'

Mission/Aim - A statement that sets out how the vision will be achieved by answering the following questions:

- What business is the business unit in?
- What is its purpose?
- What products or services does the unit provide, in what markets, in what geographical area? - And what makes it unique in doing this?

The mission generally contains a statement of intent, the nature of the business, closely reflects the personal values of senior people and often includes reference to, for example, satisfaction of particular consumer needs, quality of product, industry leadership, service to community, country and so on.

Goal - What is to be achieved – in outcome terms. This captures the steps towards achieving the vision, that is, what quantity, what quality, and by when, with milestones.

Performance Indicators - The means of knowing whether the goal has been achieved. They define the measures of the goal, and the target performance.

Long-term objectives - Basically goals plus performance indicators. They should preferably include objective and measurable intentions, especially regarding such things as growth, R.O.I. (Return on Investment), profit over specified period, market share gains and so on.

Policies - The boundaries, fences, or limits that are applied to the alternatives available. For example, no discounting, no sexist promotion. Policies strongly reflect the values of the organisation, and these values drive the type of policy decisions that are made.

Strategies - The alternative means for achieving objectives or the mission, within the policies and environmental constraints. These are actions expressed in a high level way.

Tactics or activities - The detailed execution of the chosen strategy. The WHO does WHAT, WHEN, with WHAT, WHERE and so on.

Short - term goals/objectives - Short term (3-6 months, up to one year), targets to be reached.

These are goals to be attained using currently specified tactics.

Planning - The process of developing a strategic direction and setting goals for the organisation, identifying what has to be done to get there, and how those actions are to be implemented, resourced and prioritised.

Strategic Planning - The process of developing a long term (5 years or longer) sustainable direction for the organisation; setting major goals and broad statements of how such goals will be realised.

Business Plan - A one to two year plan showing how the business strategy will be put into effect. It is used to gain approval of a financial allocation (usually annual).

Supporting Plans - The plans at a lower level that contribute to achievement of the overall strategic plan: e.g , Finance Plan, Sales Plan.

Corporate Plan - The strategic plan produced by a large integrated organisation or corporation.

2 How to develop a business plan

The process for developing a business plan is illustrated in the business planning cycle in Appendix 1. Steps 1 to 5 coincide with the five (5) activities in the concept phase of the OnQ project management methodology.

2.1. Identify the strategic direction

The vision, mission and values of the organisation form the foundation of the strategic direction.

2.1.1 Defining the organisational vision

The decision on whether to have a vision statement is most appropriately made on the basis of usefulness: will it add value to the planning process, and give direction to staff?

a) Why a vision is useful

The purpose of a vision statement is to describe the picture of what the people of the organisation want the organisation to be. It contains an image of an ideal state. It is sometimes called 'a dream with a date'.

The vision developed should be compatible with the higher level vision.

b) How to develop a vision statement

To develop a vision statement, three components are required:

1. A focussed central idea - a real picture of a value adding or value creation idea.
2. A sense of important or noble purpose – something that can win commitment from staff by making a real contribution, and add value by making the world a better place.
3. A realistic chance of success – possible though not necessarily easily attainable.

2.1.2 Defining the organisation mission

The mission of the organisation provides the foundation on which the vision is developed. It is sometimes easier to define the mission before the vision.

It is recommended that each business unit preparing a business plan has its own mission statement, to clarify its particular contribution to the overall organisational mission.

a) Why a mission is useful

The purpose of a mission statement is to communicate to customers the direction of the business and to communicate to staff the overall direction they are contributing to. A well written mission statement assists staff to understand the organisational strategy they are part of. Ideally, it should capture hearts and minds.

The written mission statement is a public commitment to a stated strategy and philosophy. A mission is most effective when it is no longer than one sentence.

b) How to develop a mission statement

In order to define an effective mission statement, certain questions need to be answered, according to management writer Peter Drucker:

1. What is our business?
2. Who is the customer?
3. What is the value to the customer?
4. What will our business be?
5. What should our business be?

The central concept of a mission statement is the business domain in which the organisation operates. This can be defined in terms of:

- Products
- Technologies

- Customer groups
- Customer needs

Alternatively consideration can be given to the following factors:

- specification of the basic product or service
- primary market
- principal technology for production or delivery

This is then followed by expanding on three economic goals – survival, growth, and profitability.

For a support area, a critical aspect to consider when developing the mission is how to add value to the larger organisation of which the business unit is a part - why is the business unit here.

Although the vision and mission are discrete, they are often used interchangeably. Some of the examples below blend them together.

American Space Program (under JFK)

To land a man on the moon and bring him back safely before this decade is out.

To excel in the provision of integrated logistics solutions that create business opportunities and adds value to our customers supply chain.

Kowloon – Canton Railway (based in Hong Kong)

To provide quality transport and related services in Hong Kong and with China in a safe, reliable, caring, cost effective and environmentally responsible manner.

BHP

Our determination is progressively to improve the worth of shareholders interests through strategies that will:

- achieve above-average growth in profitability
- develop further our image as an international, competitive organisation dedicated to superior performance
- anticipate correctly future market requirements and provide competitive service to customers
- identify superior business opportunities worldwide
- maintain adequate reserves of key resources
- grow in related fields by making use of knowledge and skills from existing businesses; and
- add value by further processing resources where this meets a market need and is cost effective.

These are our goals as we enter our second century of achievement.

2.1.3 Defining values

Values are the beliefs and the guiding principles governing behaviour. Values drive policy decisions, for example, some heavy engineering firms decide not to manufacture armaments, even though they are highly profitable. Their values suggest it is unethical because it contravenes their core values. Similarly with selling cigarettes to children. In Australia the latter example is illegal. Australian society has decided it contravenes its values; and the values of the country are supported and enforced by laws. Organisations support and communicate their values by policies. All organisations have values whether these are published or not.

2.1.3.1 Why values are useful

The purpose of publishing organisational values is to make explicit the behaviours that have been defined as ideal and necessary to make the vision and mission realities. This is important during times of organisational change when there is often a requirement for change in people's behaviour, and therefore the values that underpin it. However, it is important, as Margaret Wheatley points out, to have alignment between the unspoken values and the published values. This enables staff to 'feel' the integrity of the organisation.

2.1.3.2 How to develop values

The values selected should be based on the ***desired behaviours*** for every level with the workplace, from top management to front line staff.

Although they should be ***consistent*** with overall organisational values, ***they need not be identical***.

As the values will drive the culture change required for business improvement, their selection needs to take into account aspects of commercial behaviours, in addition to how people treat each other.

Values should be discussed and selected by groups' representative of all staff, not just by a management team in isolation. Values workshops are ideal for this.

Just stating the values does not guarantee they are put into practice. They must be supported by appropriate human resource and operational strategies that consistently reflect the values. If values are not consistently reflected in policies, and in everyday leadership behaviour, they will have little credibility in the eyes of staff. Senior management have a critical role in modelling the behaviours identified by the values.

2.1.4 Making the vision and mission reality

Once the vision, mission and values are developed, the detailed work of identifying how to make the overall business direction a reality can begin.

Preparing the rest of the business plan requires a thorough analysis of the current situation and of what is needed to achieve the vision, and implement the mission effectively.

This analysis covers:

1. the external environment in which the organisation finds itself,
2. characteristics of the organisations internal environment, and
3. a consideration of how those two major areas can best be balanced; strengths exploited, and weaknesses managed, in order to achieve the outcomes required to make the mission a reality.

2.2. Business Analysis

2.2.1 Gather data and information

A critical part of developing strategic options is making sure that data is collected and analysed to produce information.

The quality of the options developed is heavily dependent upon the quality of the information which is available or can be collected.

It is impossible to make a sound decision on an analysis, however thorough, of inaccurate or insufficient data.

Potential information sources are:

- Customer/stakeholder surveys
- Portfolio analyses
- Market share analyses
- Competitor analyses
- Safety audits
- Environment audits
- Heritage audits
- Workforce planning analyses
- Available and emerging technology assessments
- Asset management analyses
- Employee satisfaction and climate surveys

All organisations need to survey their customers and stakeholders. This is true whether their customers are internal or external to the larger organisation. To be successful an organisation must understand in detail what its customers want and need.

Surveys are appropriate where the organisational unit needs to develop a close supplier relationship with its customers. The majority of the information surveys gather is qualitative, and primarily designed as a mechanism for discovering and exploring needs and areas of dissatisfaction.

If the customer/stakeholder group is small, the most effective way to assess their needs is to talk directly to them. It is often useful to invite them or their representatives to the business planning sessions, and ask them a specific set of questions. Alternatively, visiting them to ask the same questions can also be effective. Face to face contact is much more effective than written surveys, and gives the opportunity to explore any areas that seem to be problems. Business units in a service support role should be doing this as least twice a year. They should also become familiar with their customer's business plans, and the major challenges facing them, in order to work out most effectively how to add value for them.

Where there is a large group of customers, written surveys or focus groups may well be necessary. The results may need to be statistically analysed.

Data gathering must deliver all the information needed to know about the environment the business has to operate in, and the internal organisational situation. Furthermore, it must deliver it in a form that is accurate, meaningful, and easy to understand.

This requirement has significant implications for how surveys and analyses are designed, as this design is critical to the quality of the information the survey will provide.

Many of the surveys and analyses that organisations use to base critical decisions on are not soundly designed. It is important to review the proposed survey with someone who has an understanding of statistical analysis.

2.2.2 Identifying the external environment

The external environment is critical, as the business unit has to work within it. It needs to be assessed very thoroughly. The external environment may be conveniently grouped for assessment under the following three headings:

a) The remote environment

These are generally outside the organisation's direct control, and cover:

- Economic considerations
- Political considerations
- Social considerations
- Technological consideration

Although these cannot be directly controlled, there are ways to influence their effect on the organisation by choosing how to respond to them.

b) The operating environment

These factors cover the organisation's competitive position, and can often be controlled to a certain extent

- Customer profile
- Reputation among suppliers and creditors
- Accessible labour market
- Strategies of the competition – identified by default or deduction

c) Significant trends in the environment

These have to be recognised in order to maximise effectiveness. Examples are:

- Employees - working safety for example,– asbestos, toxic wastes, solvents
- Production - trends of increasing costs
- Engineering – increasing requirements on product specification
- Marketing – trends in packaging and presentation of product, such as using environmental friendliness as an encouragement to buy

2.2.3 Assess the internal environment

The internal environment can be changed to adapt to the external environment.

Analysing the internal information is best done in a planning forum. In this forum the three headings outlined above should be discussed, namely:

1. remote environment
2. operating environment
3. significant trends

List the considerations that will need to be taken into account under each dot point, to make sure they are captured.

The planning team should already have reviewed the analyses and surveys that will provide the basis of this information, so that these dot points become a checklist for bringing important aspects of this information to the surface for further consideration. This information will be analysed in detail later using several specific tools.

This will produce a broad understanding of the external environmental pressures needing consideration. It is then necessary to evaluate in detail their likely impact.

2.2.4 The Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis

2.2.4.1 What it is and why it is important

A SWOT analysis looks at the strengths and weaknesses within the organisation, and the opportunities and threats from outside. It draws together the external and internal analyses. The quality of the SWOT is dependent on the quality and rigour of the data gathered and how it is analysed.

A SWOT analysis is a systematic identification of these factors and of the strategy that represents the best match between them. It is based on the assumption that an effective strategy maximises an organisation's strengths and opportunities and minimises its weaknesses and threats. It has powerful implications for the design of a successful strategy. All the environmental, industry, and organisational analyses lead into the SWOT.

A SWOT analysis groups the information under four headings:

- Opportunities External
- Threats External
- Strengths Internal
- Weaknesses Internal

The first fundamental focus in SWOT analysis is the identification of external opportunities and threats.

Opportunities

An opportunity is a major favourable situation in an organisation's environment. Key trends are one source of opportunities. Identification of a previously overlooked market segment, changes in competitive or regulatory circumstances, technological changes, and improved buyer or supplier relationships could represent opportunities for the organisation.

Threats

A threat is a major unfavourable situation in an organisations environment. Threats are key impediments to the organisation's current or desired position. The entrance of new competitors, slow market growth, increased bargaining power of key buyers or suppliers, technological changes, and new or revised regulations could represent threats to an organisation's success.

A threat to one organisation can be an opportunity for another. Moreover, the same factor can be seen as both an opportunity and a threat. Understanding the key opportunities and threats facing the organisation helps managers identify realistic options from which to choose an appropriate strategy.

The second fundamental focus in SWOT analysis is the identification of internal strengths and weaknesses.

Strengths

A strength is a resource, skill, or other advantage relative to competitors and the needs of the market(s) that the organisation serves or expect to serve. It is a distinctive competence that gives the organisation comparative advantage in the market place. Strengths may exist with regard to financial resources, image, market leadership, intellectual property, technical skills, buyer/supplier relations, and other factors.

Weaknesses

A weakness is a limitation or deficiency in resources, skills, and capabilities that seriously impede the organisation's effective performance. Facilities, financial resources, management capabilities, marketing skills, and brand image can be sources of weaknesses.

Benefits of the SWOT analysis

SWOT analysis can be used in many ways to aid strategy analysis. The most common way is to use it as a logical framework guiding systematic discussion of the organisation's situation, and the basic alternatives that might be considered. What one manager sees as a threat might be perceived by another as a potential opportunity. One manager may see something as a strength, another may see it as a weakness. The benefit of a systematic SWOT analysis is that it ranges across all aspects of the organisation's situation.

2.2.4.2 How to carry out a SWOT analysis

Use the management team or workgroup to brainstorm heading by heading, to:

1. List the organisations strengths and weaknesses.
2. List the environmental opportunities and threats.

Alternatively, have each member of the team complete the lists under each heading, on their own. Gather the lists in. Then bring the group together to discuss the compiled lists. The emphasis in the discussion should be on exploring the reasons for any duplication.

Strengths	**Weaknesses**
Opportunities	**Threats**

The final lists can be displayed on butchers paper on the wall for sharing.

The SWOT analysis and the discussion that goes into developing the lists will indicate the opportunities that will be easiest to exploit, given the organisation's strengths, and the weaknesses that will hinder making the most of these opportunities.

2.3. Identify and evaluate options

At this point most of the data and information should have been considered, and appropriate strategies should be emerging.

Vision and mission may need to be re-visited in light of new understandings, remembering that business planning is an iterative process.

To assist in developing & evaluating options, the sections below are presented to focus effort on the high return areas and to ensure significant commercial and business strategic realities are not overlooked. The issues identified here may help identify new options, require modification of strategy options, or lead into contingency planning.

2.3.1 Pareto (80/20) analysis

This analysis is based on the principle that certain items or areas in any field have a disproportionately large impact on outcomes. Carrying out a Pareto Analysis on the business can identify the means of considerably improving effectiveness, efficiency and strategic performance. The principle states that 20% of the causes in any situation will produce 80% of the results, or thereabouts. This can be used to identify which customer groupings are providing most of the business, or most of the profit, and therefore identify which segments to treat as priority.

Examples include:

Time Management	20% of the time does 80% of the productive work.
Stock Control	80% of turnover is generated by 20% of the items in stock.
Sales	80% of sales come from the 20% largest customers.
Profits	80% of profits come from 20% of turnover.
Quality	6% of parts account for 78% of quality problems (real example). 80% of the problems will be caused by 20% of the process.
Absenteeism	80% of the sickies are taken by 20% of the staff
Industrial Relations	A small proportion of the workers (or managers) precipitate most of the industrial problems.
Staff efficiency	20% of the staff do the work which produces 80% of the profits

The value of carrying out a pareto analysis is that it provides guidance on where to concentrate efforts for maximum effect. In quality improvement, for example, selecting the right 20% of the causes can address 80% of the problems.

Another is in regard to absenteeism problems; identify the 20% of the staff taking 80% of the sickies, and design a program aimed at them, not at all the staff in the organisation.

In customer service, identify those 20% of the customers who are providing 80% of the revenue, and make sure they are looked after properly.

2.3.2 Business strategy development/evaluation checklist

Business strategies can be based on a single one, or a mix of the items presented in the following checklist. Concentrate only on those relevant to the business and its situation. The list below includes items which may be relevant to either commercial and/or public service units.

1. What are the few core strategic options that should be pursued?

2. Are the goals and objectives shared by all and are they consistent with the vision and mission?
3. Will the strategies deliver what the customer/the market wants? Are they feasible?
4. Will limited market segments to be targeted and a high standard of service provided?
5. What is the core business competence? Will this core competence be used and enhanced to sustain the organisation's competitive advantage?
6. Is the timing right?
7. What are the critical industry success factors? Does the business have a really clear idea of how to apply them?
8. Is the organisation in a position of dominance? How can it be increased? Is someone else in a position of dominance? If so, can the business effectively compete?
9. Have 'might be' scenarios, been developed and the 'what ifs' planned for to give the organisation flexibility?
10. Have joint plans/co-ordination been carried out with suppliers, and their capabilities taken into account?
11. How will weaknesses of the business be covered to hold the organisation's current position? How will services to existing customers be maintained if planning to target new ones?
12. Does the strategy depend on surprising the opposition? A pre-emptive strike needs to be carefully planned to maintain any advantage gained.
13. Is the organisation taking the offensive? Have the desired outcomes been determined? Has the detailed planning done?
14. How will groupthink be avoided during planning sessions? Who has been included in the planning group to bring in different view points, and to challenge accepted thinking and assumptions?
15. Have the necessary supplementary plans been developed and laid out in priority order over the next 3 to 5 years?
16. Have last year's plans been reviewed? Were they implemented successfully or were staff too busy with operational fire-fighting? Have the resources required to implement the strategic direction been identified and dedicated? How will achievement be monitored throughout the planning period?
17. Is a creative leap required – rather than business as usual? Have creative and innovative solutions to the challenges of implementing the vision and mission been developed? Has implementation of the creative leap been adequately thought through? Has planning been carried out for any new management systems needed to enable the organisation to roll out the strategies with minimum effort and cost? Are the plans for those management systems well linked to each other, reflective and supportive of each other?

2.4. Develop Business Strategy

It is now time to finalise the strategy, and decide whether the strategy that has been emerging from the preceding analyses is really the right one for the organisation.

There have been a number of influential thinkers on business and strategy over the last few decades whose ideas are well worth considering by way of developing and refining business strategy. These are presented in the following sections. After considering these, the SWOT list should then be revisited to make sure plans are in place to deal with any weaknesses that could adversely effect the strategy.

2.4.1 Thompson & Strickland

According to Thompson and Strickland, there are six major issues to consider when designing/assessing strategy/options. These are:

1. What are the market opportunities, the industry attractiveness and the competitive forces?
2. What are the organisations skills, it's capabilities and what resources does it have available to do its best?
3. What are the emerging threats that could affect the organisations well-being and performance?
4. What are the personal values, aspirations, and visions of managers, especially those of the senior executives?
5. What are the social, political, ethical and economic aspects of the external environment?
6. What effect will the organisation's culture, core beliefs and business philosophy have?

Each of these issues needs to be considered, and earlier analysis revisited if necessary.

The strategy selected must be both workable in light of realities in the external environment, and compatible with the possibilities, and preferably the strengths of the internal environment. It is easier to build on existing strengths than it is to attempt a 180 degree turn in an organisation.

However, most weaknesses in the internal environment can be managed if they are fully understood, and actions to rectify them are planned carefully and systematically.

2.4.2 Peters & Waterman

Peters and Waterman listed 8 principles of excellence or characteristics that were consistently evident in top performing companies, and that distinguished them from less profitable companies. These are:

1. A bias for action: a preference for doing something – anything rather than sending a question through cycles and cycles of analyses and committee reports.
2. Staying close to the customer – learning their preferences and catering to them.
3. Autonomy and entrepreneurship – breaking the corporation into small companies and encouraging them to think independently and competitively.
4. Productivity through people – creating in all employees the awareness that their best efforts are essential and that they will share in the rewards of the company's success.
5. Hands on value driven – insisting that executives keep in touch with the firms essential business.
6. Stick to the knitting – remaining with the business(es) the company knows best.
7. Simple form, lean staff – few administrative layers, few people at the upper levels.
8. Simultaneous loose-tight properties – fostering a climate where there is dedication to the central values of the company combined with tolerance for all employees who accept those values.

2.4.3 Ansoff

The following questions encapsulate the many years of research and application undertaken by the strategic thinker Igor Ansoff.

1. What are the most attractive product/service concentrations?
2. What are the major market opportunities?
3. What can the enterprise do better than others?
4. Is the organisation flexible enough to exploit available opportunities?
5. Is the organisation clear about its mission and comparative advantage?
6. Is the organisation properly looking after, and making use of our best people?
7. How should the enterprise gear the price/value mix for different product-market elements?
8. What is the best way of getting our products into the hands of our customers?

Are the answers to these questions captured in the strategy and supplementary plans currently being developed?

2.4.4 Weinberg

Outcomes of research undertaken by Weinberg identified six specific trade-off decisions. An organisation cannot have both but must choose between each of the two options that follow:

Short-term profit	or	long term growth
Growth	or	stability
Riskless	or	high risk environmental participation
High profit margin	or	competitive position emphasis
Related opportunities	or	unrelated opportunities
Profit	or	largely non-profit goals

In developing the organisation's strategy have mutually exclusive outcomes been included? If the organisation is forced to do some balancing of these alternatives, have plans outlining how it will make it work in practice been developed? Is there an opportunity to create an advantage out of necessity?

2.5. Develop business plan

All the above information can now be put together in a business plan that defines how to make the strategy a reality. The strategy then needs to be developed into a list of specific actions that will be taken. All the necessary supporting plans then need to be documented, such as human resources, financial management, risk management, marketing, sales, quality, safety, environmental and procurement plans.

The business plan will show both the long term (5 year) strategic direction and a more detailed one year plan with indicative future years.

Each of the supporting plans should show full details for the coming year and indicate the direction for following years. The value of this approach is that because everything cannot be done at once, it is necessary to prioritise what will be done, in what order. The building blocks must be put in place before the more sophisticated strategies can be expected to work. Laying them out over 5 years allows the logical developmental order to be identified.

The business plan should include the following items, as per the template in Appendix 2.

- Future projections
- Schedule of Activities
- HR plan – Business Unit structure/position descriptions/staffing
- Financial Management
- Risk Management
- Marketing (Internal Communications) plan
- Sales (External Communications) plan
- Quality
- Procurement plan

The success criteria for both implementing the plan and achieving the desired outcomes should also be determined.

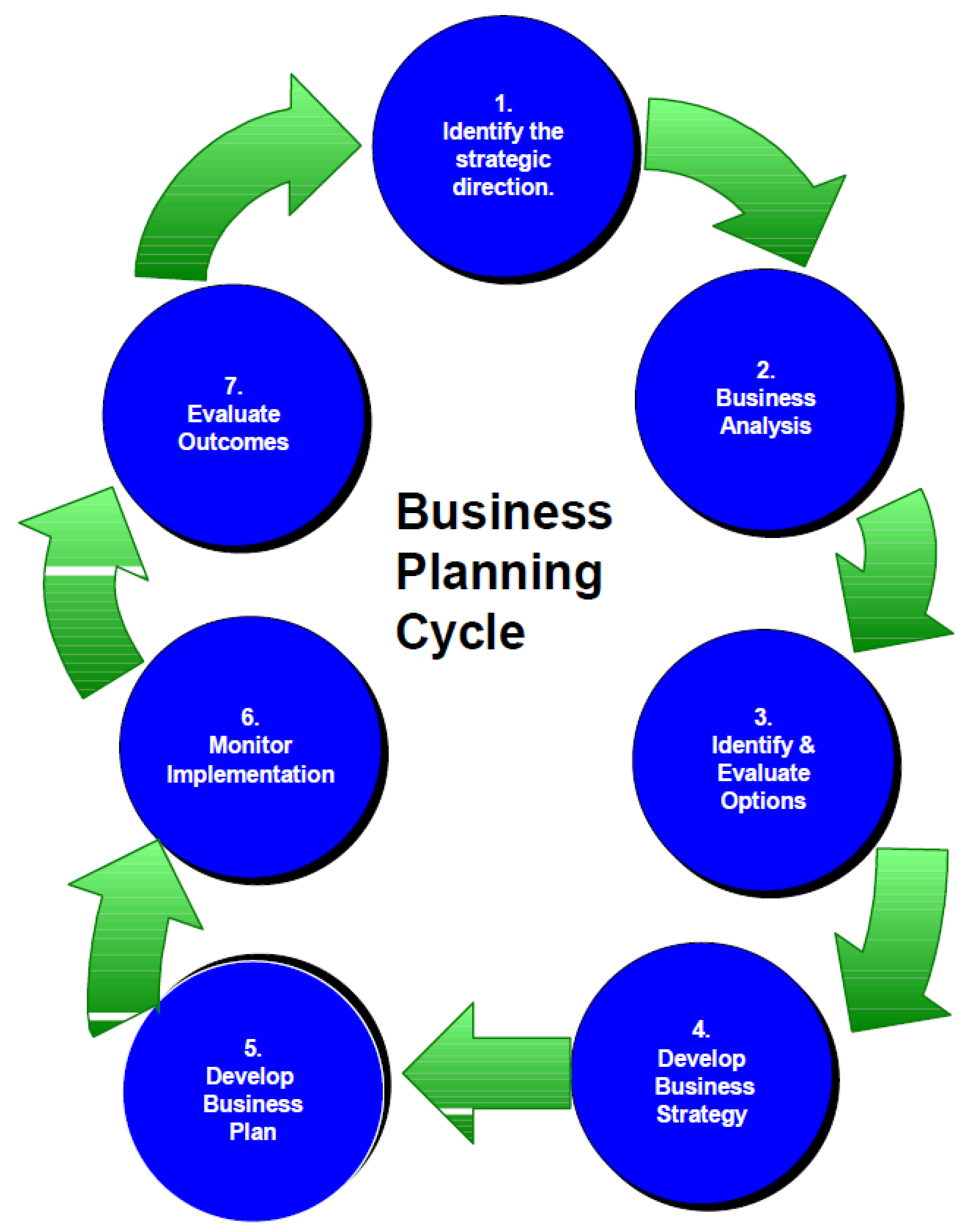
2.6. Monitor Implementation

Progress/achievements should be periodically reviewing against the schedule and the implementation success criteria in the business plan. This step coincides with the ‘Manage project plan’ step in the implementation phase of the OnQ project management methodology.

2.7. Evaluate Outcomes

After the business plan has been in operation for some time, the outcomes need to be evaluated against the success criteria in the business plan to gauge the effectiveness of the business strategic direction. This step coincides with the ‘Post implementation review’ step in the finalisation phase of the OnQ project management methodology.

Appendix 1 – The business planning cycle



Appendix 2 Business Plan Template

The template giving guidance on format and to ensure all necessary areas are addressed can be downloaded from the OnQ website in electronic form.