



Online Accounting Software

VISION AND STRATEGY GUIDE

Why you need to think about your vision and strategy

Imagine setting out on a car journey with no idea where you're going or even why you're going. This might give you an idea of what it's like to start a business with no vision and no strategy. Trying to choose a destination once you're already on the move is no easy task. You'll probably end up wasting lots of time (and petrol) driving in the wrong direction.

Having a vision and strategy doesn't guarantee success, but it's unlikely without them. They should be the foundations of your business. They should be the reasoning behind your overall ambitions but also guide your day-to-day activities. Get them right and your business will stand a better chance of succeeding. Get them wrong and you might still survive, but it'll be hard work.

There are bound to be 'bumps in the road' for your business – but vision and strategy will help you understand these set-backs, keep you focused on the bigger picture and bring you back on course if necessary.

To return to the comparison with a car journey, vision is where you're going – your final destination. Strategy is how you get there – in other words, the route you'll take. Neither are much use without implementation – what you'll actually do to get to your destination. In this example, of course, that's getting in your car and driving!

Your business vision

Some people describe vision as the 'philosophy' behind a business, but you don't need to be a philosopher to work it out. The vision for your business (and the strategy for achieving it) is based on common sense ideas that spring from your know-how, experience, contacts and resources.

Ask yourself what you and your company are good at and what's the best way to take advantage of that. Ask yourself what are your personal ambitions and values. Are you doing something you don't really believe in or enjoy? What do **you** want to achieve – and therefore what do you want the business to achieve?

Learn from the experts

Most really successful business leaders have been able to picture the goals for their companies. The famous Henry Ford, founder of the Ford Motor Company, had a vision of a "car for the masses". Facebook co-founder

Mark Zuckerberg was always clear about the purpose of his social media phenomenon: “The thing that we are trying to do at Facebook is just help people connect and communicate more efficiently.”

Budget airlines like EasyJet wants to make air travel affordable for all, while serial entrepreneur Richard Branson says: “Above all, you want to create something you’re proud of. This has always been my philosophy of business.”

Be specific

Try to define your vision by describing in a couple of sentences what you want the business to look like after a set period of time – one year, three years and so on. Then set financial or other targets – or ‘benchmarks’ – for your company.

Without vision, you’ll have no direction but, worse, you might lose motivation for what you’re doing. However, having a great vision is not enough. To quote Henry Ford again: “Vision without execution is just hallucination.”

Your business strategy

So, you know where you’re going. Now you need to work out how you get there. Just as you’d turn to a map to plan a journey, you need to do some thinking and research. Take a step back, be objective and examine what’s working and what’s not in your business. What do you need to change to improve or to grow?

The questions will differ depending on the business you run but weighing up your present situation should reveal strategies to improve. For example, it’s hard to believe now, but Google lacked a reliable source of revenue and was unprofitable for many years before launching AdWords in 2003. Almost overnight, Google took the leap from search tool to advertising juggernaut and AdWords still comprises the lion’s share of its profits. Similarly, only after several years of trial and error did PayPal find its place as the default online payment system for millions of people.

What do you want to achieve?

To devise your strategy, think again about what you’re trying to achieve with your business. Then, break down the actions that need to be carried out into manageable chunks.

Product/service strategy

Think hard about the core product or service of your business? Then, identify your competitive advantage and what it is that makes customers choose you – your unique selling point (USP).

It's been said there is no more important strategy than happy customers, so talk to them to understand what they want and need. This will help give your business a 'cutting edge'.

How can your product or service be developed in the future? How are the needs of your customers likely to change? How do your prices or levels of service compare to your competitors? Maybe there is something else you can do better, faster or cheaper for your customers.

Armed with all these ideas, outline the path for the development of your product/service in the future.

Marketing strategy

Use your expertise – whether it's in hairdressing, transport, plumbing or accounting, running a coffee shop or a repair garage – to create your marketing strategy.

Who and where is the target market? What's the best way to take advantage of your competitive advantage/USP? Here, as with most strategy planning, don't forget to ask the people working with or for you for their input. They're likely to have invaluable ideas.

Ask yourself what your business stands for – what's your brand? What is the 'promise' you make and deliver to you customers? Do you need to change the image with a new logo or promotional literature. Do you need to change the prices you charge to reflect this?

Identify the competition, then find out all you can about the way they operate so that you can think up ways to beat their price or provide a better service.

Examine the channels you use to promote yourself in your market – are they the right ones and are you getting your message across?

People strategy

Even if you're a one-man or one-woman band now, you need to have a people strategy.

Is there too much work for just one person? Is this holding back growth. Alternatively, are you employing too many people, cutting into your profit.

Work out how many people you'll need working for you – now and in the future. Estimate how many will be needed as the business achieves its growth targets. Think about when key new people will need to be hired and be clear about different roles and responsibilities for the different areas of the business.

Financial strategy

Financial strategy is vital. Start with your current financial position and then work out forecasts based on different scenarios. Is your pricing competitive? Does it give you a sufficient profit margin?

Decide how you would go about funding the growth of your business. For example, if you want to open a new shop or offices, would it be done organically, with a loan from the bank or with outside investment?

Wages are often one of the biggest outgoings for many businesses, so budget with that in mind. However, you'll also need a plan for spending on marketing, product/service development or maintenance and other general overheads like the rent/rate for your premises.

Communicating your strategy and 'taking people with you'

A key to business success is encouraging the people who work for or with you to share your vision and help implement your strategies. Most experts agree it's crucial 'to take people with you' when devising your strategy.

Not getting colleagues' input and support will leave them feeling powerless and with no enthusiasm for new ideas. That's hardly a recipe for spreading new ways of doing things across the business. Bouncing ideas off others is also a good test of those ideas – what seemed brilliant to you might seem unrealistic to people with greater practical knowledge.

But, remember, once you've decided on your strategy, you need to communicate it clearly. Imagine the captain of your local rugby team who has a second-half plan to come back from a losing position but doesn't

tell his teammates what the plan is! If everyone understands and feels included in your plans, your team are more likely to implement that strategy effectively.

Nothing is written in stone

Finally, remember, just as traffic conditions change during a journey, business conditions change too, so you'll need to review your strategy periodically and adjust it accordingly.

Building your business strategy - Reminder of key points to consider

- **Overall objectives**
- **Your product or service**
 - Competitive advantage
 - Pricing
 - Future development
- **Your marketing**
 - Target market
 - Brand
 - Competition
 - Marketing tools
- **Your people**
 - Numbers required
 - Cost implications
 - Key roles and responsibilities
- **Your finances**
 - Current position
 - Forecasts
 - Funding requirements
 - Budgeting for costs
- **Regular review**

Implementation

A well-developed business strategy is useless if you can't put it into action. Your vision and your plans to achieve it won't become reality if you don't know what you're actually going to do to put them into practice day-to-day. As with strategy, it's absolutely vital that other people understand and support implementation.

Plan

You'll need a written plan that sets out the actions you need to take to implement your strategy and breaks this down into specific tasks. Make sure you set a realistic timescale to achieve each action and work towards key milestones along the way – it should help you to see some progress and keep you motivated.

Make it crystal clear who's responsible for what. You'll get a much better result if people are accountable for and understand their part in the strategy. Be clear about your expectations and targets.

Action

The key is to make sure you give enough time to working 'on', rather than 'in' the business.

It might be the case that your business is on the right lines but you simply need to do a little bit more – or do it a little bit better. Maybe you need to recruit more skilled people – people with an entirely different skill set.

It could be that your business sector is about to be transformed by some technological advancement. You may need to upgrade the tools of your trade or provide a product or service that your customers will now see as must-have. Alternatively, what you do might be to bolster your sales people or even begin again from scratch with your corporate brand and a new company logo.

Make sure you keep an eye on the bigger picture, not just the day-to-day stuff.

Measure

It isn't enough to be taking action. Your actions must bring the desired results and help you towards achieving your vision. How do you know if it's

working? Make sure everyone has a clear understanding of what success is and review progress regularly.

Deciding on your 'key performance indicators' will be important in helping you to do this and, ultimately, will help you make better decisions in the long run.

And finally, be ready to alter the way actions are being implemented if circumstances change.

Vision and strategy checklist

Do you have a clear idea of where your business is heading?

Does this reflect your personal ambitions and values?

Can you describe what makes your business special in a couple of sentences?

Do you truly understand your customers' wants and needs?

Have you analysed how you stack up against your competitors?

Have you stepped back from your business to think about what you might need to change or improve?

Have you communicated your vision and strategy to other people who are important to the business?

Do you have a written plan of action to implement your strategy?

Does it cover your core product/service, marketing, people and financial strategy?

How will you measure success?



Online Accounting Software

WHO WE ARE

Big Red Cloud is a leading supplier of online account's software to the SME market.

Our online account's software is simple and easy to use and takes only minutes to set up. It is designed to enable smart business people get on with doing what they do best which is to sell their products or services.

We believe in giving exceptional value by including multiple users, unlimited transactions, telephone, email, live chat support and free access for your accountant and bookkeeper, all for a low monthly fee.

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