



4

Guides to Practical Bookselling

Bookshop Finance

Business Strategy

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1. Introduction

This strategy document is intended to help you look at the *business strategy* that underpins your company's activity. Hopefully these notes will help managers and shop floor staff of new and established businesses. We aim to help you be better *business thinkers* and in turn help you maintain your company's health. By the end you should have a fresh understanding of how your business strategy shapes the more day-to-day activities and controls, which will then help keep the business on course. The nature of the subject also concerns *change*, and our ability to be increasingly *flexible* in a changing world.

We won't be suggesting in simplistic terms how to run your business. Every business environment is unique and there isn't a formula that applies. What you should receive is food for thought on how to approach creating good strategies that are right for your business. This isn't a comprehensive guide but rather a taster of some of the basic issues surrounding contemporary strategy development. If you are looking for a 'how to' guide on strategy, with tick boxes, you will be disappointed. But, if you are serious and committed to being effective then we hope these notes will inspire and encourage you to search further for effective strategies.

Budgeting is covered in supplementary Guides, though we believe that a thoughtful development of your business strategy, along the lines outlined here, will strongly influence your future budget preparation.

- If you are an established business use these notes to review your current approaches. They contain some contemporary perspectives, which might serve to bring your thinking up-to-date.
- If you are a new business then use these notes to assist your business plan preparation.

Be cautious of the 'how to' books e.g. 'good strategy in sixty minutes' or 'be a good leader in seven days' These can be quite misleading as they often offer simplistic solutions to complex problems.

2. But, first, what is strategy and why is it important?

Strategy is likely to be concerned with the *long-term direction* of an organisation.

Strategic decisions are normally about trying to achieve some *advantage* for the organisation.

Strategic decisions are likely to be concerned with the *scope of an organisation's activities* or in other words deciding what you *don't* do.

Strategy can be seen as *matching the resources and activities of an organisation to the 'world'* in which it operates.

Strategy is likely to *affect the day-to-day detail* of the organisation.

Did you know?

The word *strategy* is a military term coined from the ancient Athenian's word *strategos* (around 508 BC). This came from the word *stratos*, which meant how an army was positioned out on the ground. It is linked also to the word *agein*, 'to lead'. Warfare at this time evolved to a point where winning sides no longer relied on a heroic individual, but on co-ordination of many units.

It is important because an *effective* strategy will sustain your business over the long-term.

2.1 How is strategy different from day to day activity?

Strategic management:

- Ambiguous/uncertain
- Complex
- Organisation-wide
- Fundamental
- Long-term implications

Day-to-day management:

- Routinised
- Specific
- Short-term implications

2.2 Is a good strategy easy to develop?

No. It is complex and contradictory, as our two friends below suggest:

Plans are nothing. Planning is everything.

Dwight D. Eisenhower 1890-1969; American general and president

It is a mistake to look too far ahead.

Only one link in the chain of destiny
can be handled at a time.

Winston Churchill 1874-1965; British prime minister and writer

What does this tell us? It suggests we need careful thought and determination to understand how to achieve the *direction* and *scope* of our organisation over the longer term.

2.3 Why do organisations fail?

Before we look at the processes of developing good strategy let's look at why organisations fail, particularly in the west. Let's use the example of a church as an organisation.

Have you ever driven past old church buildings, empty, cold, dark, or now a thriving but gaudy nightclub? And, have you wondered how these once busy churches came to die? We might wonder who failed to act, who failed to see the writing on the wall? Who didn't stand up and say we need to act now before it's too late?

Well, we know why they ultimately failed. The *resources* ran out. In the church it is the *people resource* that dies or stop coming. In business it is the *money*

Did you know?

...that the humble chimney "...may have caused more social change than any war? Without a chimney everyone had to huddle together in one central place around a fire with a hole in the roof above. The chimney, with its separate flues, made it possible for one dwelling to heat a variety of rooms. Small units could huddle together independently. The cohesion of the tribe in winter slipped away" (Charles Handy 1989: 11).

What a vivid picture, but who could have predicted how this humble piece of technology could so revolutionise society? This is a wonderful example of how *slow change* can be as profound as rapid change.

Today, it is the same as our dark-ages past. People's habits are changing in response to new ideas, innovations and technologies. Think how the desktop computer changed your working world over the past 20 years. From tippex and carbon copies to email and the Internet.

resource that runs out. But, why didn't someone see this failure coming?

Well, the answer in the west, and probably elsewhere, is that our *strategy* doesn't cope well with *changes in the world around us*. Yes, dramatic things happen in all parts of the world which are obvious and difficult to plan for e.g. wars, earthquakes etc. but usually for us in the west, it is the *slow changes* in the world around us that we don't spot and then fail to respond to. Let's face it, human beings are generally reactive. If someone prods us we act. Good business strategy is about assessing the world around us and making allowance for the slow change that is taking place all the time.

3. Developing an effective strategy

We now look at how you might develop effective strategies for your company. But, before rushing to mission statements, and the like, which actually come much later, we have to pause and look at ourselves. We look here at some nuts and bolts of *pre-strategy* preparation.

3.1 Looking in the mirror

Often we think strategy starts with preparing a mission statement and a few goals and objectives but preparing a chirpy mission statement is lip service to good strategy.

Where does the strategy process start? Well, it starts with *you*. One business writer says we have to "*...come to terms with oneself*" and "*understand one's own prejudices, preferences and experience*" before we can be effective. In other words take time to reflect on your own predispositions. For example, are you constantly over-optimistic in business about what can be achieved, and in all honesty need to attain a more realistic view of the world? No! Good! But, what other traits do you have that need careful reflection?

If people want to change their [world], they need to change themselves and their actions – not someone else... Problems that never get solved, because managers keep tinkering with everything but what they do. (K E Weick, 1979: 152)

In other words developing an effective business strategy is down to you changing what you do, not just others.

Churchill and Eisenhower's quotes on the previous page neatly show the contradictions in planning ahead. Good strategy is a mixture of making good deliberate plans, but allowing enough flexibility to respond to the changes that emerge unseen. Or in other words *plan for change*, which requires you to be prepared to change your old prejudices and ideas. Being wedded to old visions and ideas might restrict your team's ability to respond to change.

Here we look at some possible areas you need to reflect upon before starting your strategy development.

3.3 Experience

There is a dangerous characteristic we acquire in life that will catch you out, and this is *experience!* We think we know what we're doing because of our *experience*. I've been in retail before. Or, I've been in big business... All valuable learning, but what value has the past to do with a changing future? Many eminent business writers remind us that often it is our confidence in our experience that leads us to *over-confidence* and a belief that we actually *know what we're doing*.

3.4 Business learning

This means being a *learning* people, teachable, always looking to spot the signs of change. This means revisiting not just our plans regularly but checking ourselves.

3.5 Listening people

Another danger is to surround yourself with people who think like you. Diversity of thought is what we find most painful. People who challenge your thinking are crucial to checking your plans. Yes, they might be an irritant. And, yes, you need some common view of the world in your team, but be open to critical thinkers around you. Involve people who see the world differently from you. Develop maturity to hear and strength to expose yourself to many viewpoints. Test, test and test again your thinking. Spend time with people letting them ask you awkward questions.

3.6 Grace to change

Remember Scrooge? Look how he received the grace to change, but only when he was shown the realities of his life. Aside from many obvious and sometimes 'heroic' qualities in business, such as energy and drive, we need grace to listen, learn and change ourselves, then, and possibly only then, might we be ready to keep our businesses on course.

4. Making sense of the world you are trading in

We live in an uncertain world and our business is buffeted by the winds of change. Technology is changing fast, people's habits and lifestyles are changing and somehow we have to maintain a viable organisation even if the world we first started doing business in so many years ago is now unrecognisable. This section will help us look at how to carefully and professionally analyse the world we trade in so we can make decisions which ensure we can continue trading successfully.

4.1 Let's look at the business idea

What about your business idea? Let's start at the very beginning...

Retail businesses, are commercial trading organisations. We move a book or CD or pencil, across time and space, where its value increases to the point where the sum of our income exceeds our costs and we can carry on trading.

But, the challenge is, as we're not manufacturers or service providers alone, but rather traders, it means we buy something from *someone else*, usually another company, and then sell it on. That means someone is making a profit from you. My profit margins are not hot to start with then? That's it!

You pay someone £6.50 for a book, you sell it for £10, and you make £3.50 profit. Easy. Wrong! £4.50 goes to the landlord, the staff, the milkmen... etc. You lose £1. You have no more money... your business finishes. Yes, you can subsidise your losses, by taking low or no salaries, or inviting people to gift income to cover your shortfall... but how appropriate is this over the long run? Is this good strategy?

How do we prevent running at a loss? You need to think about the long term. Is your business idea, in the first place, sustainable? Will it stand the lashings from the raw winds of commerce? You need a strategy. You need to take careful steps to ensure a fit business.

4.2 The world *outside* your business and the world *inside*

Here is another very obvious truism. The **big world outside** you will affect your business. If interest rates go up, or employment law changes and you have to pay part time staff more, then there is little you can do to stop this, but you can plan and assess their impact, *in case* they occur. If you don't anticipate these changes they will bite you when you least expect. There is also a **small world outside** your business, what we might call the local factors, which are more peculiar to your trading situation. We might call all these aspects of our business **external** factors, that is, factors that are **outside** your business, and are less controllable.

Of course, there is the world **inside** your business; the things you've got more control over, like the way you serve the customer, or the physical appearance of your shop. These **internal** factors also need a dispassionate assessment of their impact on the fitness of your business.

But, how do we view these 'worlds' and assess their influence carefully so we know what we need to change or make allowance for?

Well, you need a means to do both. First, we advocate looking at the big wide world **outside** your business as the starting point and we now examine this process overleaf.

4.3 The world **OUTSIDE** your business

This first step to good strategy is a critical one. It is about understanding the world you are trading in. Did you know that most organisations last an average of 40 years and then fail, about half our lifetime? And you thought they went on forever. Who would have thought that Andersen Consulting, Marconi, Marks and Spencer, Sainsbury (top UK retailer in 1995 to fourth position today!) et al would run into huge difficulties? Why did they do this? Largely because they drifted away from understanding the world they were hoping to do business within.

As part of your strategy development you must analyse carefully the world you are trading in. This requires rigorous work and could be the difference between success and disaster. We would like to suggest you start by looking at two fundamental questions:

- 1) What external (the world outside your business) factors are affecting your organisation?
- 2) Which of these are the most important at the present time? Which will become important in the next few years?

Now, there are many ways to answer these questions, so we suggest a simple framework below to help you prepare your analysis. This is not a comprehensive list of headings, and you might come up with your own, but we offer ours with some examples:

Political factors

- Government stability
- Taxation policy e.g. attitudes to VAT on books
- Social welfare policies e.g. costs of employment

Economic

- Interest rates e.g. are you borrowing to fund your business?
- Inflation e.g. what growth rates are you planning?
- Disposable incomes e.g. where will your revenue come from?

Socio-cultural factors

- Attitudes to work and leisure e.g. how are reading habits changing?
- Population demographics
- Social mobility e.g. how will people shop in the future?
- Lifestyle

Technological factors

- New discoveries/developments
- Speed of changing technology

Environmental factors

- Waste disposal e.g. is there a cost to disposing of cardboard?

Legal

- Employment law e.g. what is the cost of part time staff?
- Health and safety e.g. what is the cost of meeting regulations?

It is vital you consider these factors carefully. Some of the above examples might not be relevant, but through the rigorous analysis you might will on something absolutely pivotal to your business idea, which affects a major and costly decision. Once you've gone through this, decide which are important now and which might be important in the future. Don't skip this challenging exercise, as this is part of the preparation phase. As someone once said, *"Everyone wants to be at the victory party, but very few want to be at the preparation 'party'"*. Undertake this analysis every year and keep it updated and review together in your management team.

4.4 The small world OUTSIDE

Once you've undertaken this larger scale analysis, as above, the next step is to start looking at more local issues with some more detail. We might call this an assessment of the *opportunities* and *threats* to your *business idea* that are closer to home.

These more local issues in the world around you might be very specific to your trading situation. For example, if your assessment above of people's lifestyles generally suggests to you that you need to improve the environment of your store, so people feel happier to shop with you, you might then assess the potential for local incomes to respond to this better environment. You might put in your opportunities' column that you'd like to appeal to a wider age range of customers in the neighbouring town. Conversely, you might add in your threats' column that another

bookshop is opening in the same neighbouring town, which may have an adverse affect on sales.

These assessments of the **external** factors all form part of your strategy development phase. There are many other things you can do and wider reading will encourage you to be increasingly thoughtful.

Once you've completed the above the next phase is to review your *strategic capabilities*. Capabilities are the resources and abilities you require to carry out your strategy.

5. Understanding our capabilities to do business

If the world outside us is uncontrollable and changing we will have to look at what resources and capabilities we bring to the business that help it survive in such a harsh environment. We might call these our *strengths*. We also have to understand our limitations or lack of resources and we could call these the *weaknesses* within our business idea. We all find it quite difficult to stand outside of our businesses and make these sorts of judgements so we've prepared a checklist of the sorts of questions that might help us build a picture of a businesses' strengths and weaknesses:

□ What do customers value?

- This might be concerned with the products and services we supply and what might be the critical factors that will ensure they choose to obtain these from us instead of someone else e.g. people might want fast order turnaround otherwise they will shop with, say, Amazon.

□ Do you have the capability to provide what customers value?

- Do you have the *basic* ability to perform at the level required for success e.g. can you provide fast order turnaround?
- Do you have the *minimum* resources to stay in business?
- Do you have any *special* resources or abilities to give you the edge over the competition?
- What are the resources you lack that means you will struggle to meet the basic requirements of your customer?
- What are the *minimum* skills that are needed to meet all your activities e.g. you are a selling business but can you effectively communicate with people?

Did you know?

Speed of service is now an even greater factor in customer satisfaction. Timeliness, that is providing a service when people want it, is important to retaining people's ongoing patronage. Of course, being too quick might incur unnecessary expense on your part, so be careful to match your *capabilities* to the customers' 'real' needs.

However, did you also know that even when customers say they are satisfied, they will still happily transfer their business elsewhere. Our 'old' ideas on loyalty are changing it seems... which means we have to keep assessing what the customer truly values. Not easy!

- What are the *extra* skills that will give you an edge over others e.g. your competition is also good at selling... but do you have something else to offer?
- What are the skills you *lack* that will mean you might under-perform in certain areas e.g. your team are not knowledgeable about contemporary music?

These are some searching questions, but try to be brutally honest about your customers' needs and your capability and resources to meet these needs. If you can't match what your customer values you will struggle at some point in the future, and now is the time to identify gaps and aim to close them.

Of course you might recognise this activity as part of a SWOT (Strength, Weaknesses, Opportunity and Threats) analysis. Our familiarity with SWOT may cause us to not be as rigorous in its use as we should. Although SWOT distinguishes between the *external* and *internal* 'world' of our business, it struggles to separate strengths from weaknesses and opportunities from threats e.g. your shop premises might be a strength and a weakness, that is, well located but poorly presented. Therefore, you need to approach your analysis rigorously and with some depth.

5.1 What makes you so special then?

Contemporary strategy thinking has become centred on one special word in the English language, and this is the word *difference*. Every big business is struggling to find those differences that make, well, it different from other businesses in the same marketplace. It seems so obvious but is actually hugely difficult. Booksellers are in a niche market so competition rules will be somewhat different, but, nevertheless, give some thought to why you might be different from other providers to your market. What marks you out as preferable to shopping via Amazon, or the other booksellers retailers in neighbouring towns? Or, is your competition really Currys, Dixons or Waterstones round the corner? What can you provide that will 'compete' for the pound in people's pocket? Example: It might be you underplay your values and that people actually want to contribute to your aims and objectives but you don't promote these very clearly. Do explore this area of discussion with your team.

6.1 Communicating the organisation's purpose

Many people assume strategy starts and ends with a mission statement and objectives. Well, really these are devices to *communicate* to the stakeholders your organisation's direction. It is not the strategy itself. However, mission statements and objectives do give us the *language of strategy*, and probably help us understand something that is a bit woolly.

The **mission statement** is a general declaration of the dominant purpose of the organisation. It could encapsulate the reason you exist.

Mission statements should address some of the following areas:

- A **vision** that can persist for a long period, something that is in the distance that pulls people towards it.

- It can be something that outlines the **dreams, intentions** or **aspirations** of the organisation. Some business writers say it should be the **strategic intent** of the organisation. All this suggests something that is far from bland!
- It might contain the organisation's **main activities** and the **position** it wishes to adopt in the market or industry, such as being the 'leading' provider in South Pickleswick or similar.
- It could be a statement of **key values**, particularly regarding the **attitudes** towards stakeholders and might touch on **ethical** issues.

Some examples are here below:

British Airways: *"To be the undisputed leader in world travel. We are passionately committed to excellence and to the highest levels of customer service"*

Wipro Technologies: (a booming Indian technology company) *"With utmost respect to human values, we promise to serve our customers with integrity through innovative, value for money solutions by applying thought day after day"*

Of course a company's actions will be the proof of their fine words. If you break an organisation open, will the mission statement read through the centre? Many global companies have struggled as they suggest great values but treat their team members poorly. The fine words don't quite match up and you can't hide this lack of consistency from your customers.

6.2 A further look at the language of strategy

If the **mission** is the overriding purpose, which is lined up with the values and expectations of the stakeholders or people being served, and the **vision** is the desired future state or dream of the organisation, where do **goals** and **objectives** fit in? Many people in organisations, when asked, struggle to express where their organisation is heading. They can see their in-tray but what about the next mountaintop?

Well, we need to define our **goals**, as these give a bit more clarity on where we want to head. These will usually be a general aim in line with the mission and are probably not number specific. E.g. British Airways' goals are:

- The airline of first choice in our key markets
- Meeting investors' expectations and securing the future
- Inspired teams of people, building and benefiting from the company's success

An **objective** might be more quantifiable, and possibly more precise, giving more detail on the goals. E.g. *To increase our bottom line margin to 4%*. Clearly care has to be taken in wedding ourselves to such specific targets. *

We might outline our **unique resources** and **skills**, which are the special factors that ensure our success and meet the expectations of our customers.

We might express the **elements of strategy**, which are part of achieving our overall mission. E.g. You might emphasise “*cost cutting and efficiency programmes*” as part of this year’s overall strategy. A rather boring **element** but at least everyone will know why the budget is tight!

We need some form of **strategic controls and initiatives** that assess the effectiveness of our strategy and modify our actions. You may devise, say, eight or nine, major initiatives or controls for a period. E.g. *We need to enable shop staff to be more proactive in selling product.*

We should also illustrate our **values and distinctives**, which shape the behaviour and conduct of all involved. E.g. *Act with honesty and integrity, and, be innovative and team-spirited etc.*

All these areas are important and take time to think through. Again, your concern for this detail will indicate your diligence and care. We now move onto how you *organise* your business to ensure success.

Did you know?

*You need to be wary of the WYMIWYG dilemma: What You Measure Is What You Get. Here’s a short story to explain. One day an eminent academic accountant was standing in the warm comfort of the departure lounge at Gatwick airport gazing at the tarmac as a plane disgorged its passengers. Suddenly, across the tarmac an airport worker raced his empty baggage trolley to the plane’s cargo hold. He jumped down, grabbed the first suitcase from the plane’s hold, sprinted across the tarmac and threw the case onto the conveyor belt that led to the baggage carousel. He then sauntered back to the aircraft looking as if he had all the time in the world. The academic turned to his friend, who worked for the airline industry, and asked what was going on. The friend said that the baggage handlers’ performance was measured on the time taken for the *first* bag to hit the conveyor belt. The rest of bags took considerably longer!

You do need good and clear measures for your business, but be very careful in what you settle on, otherwise WYMIWYG will get you!

7. Organising for success

How your overall strategy is *worked out on the ground* is fundamental to your objectives being reached. Therefore, this section encourages you to set up the structure of your business in such a way that it delivers your strategy. How you supervise people, what systems you have, performance targets (e.g. sales per day), personal behaviour and motivation and methods to reach your market, are all important, but, should be co-ordinated under the umbrella of your business strategy and not developed in isolation. Therefore, if any activity doesn’t kick towards the *objectives*, then be tough, and discard it as a distraction. There isn’t the space to go into great detail so we will cover these areas with a broad brush, but your further reading and discussion is important to get these areas right.

Structure

Some form of appropriate structure is needed for your organisation to function. A *simple structure* will show which individuals have personal control of bits of the organisation. As an organisation grows you might have a structure, which is based on the primary activities that take place. Whatever structure you choose people must understand the nature of how you’ve structured your organisation, not just you.

Supervision

Supervision is the implementation and ownership of strategic decisions by one or more individuals. In a small business it might be one person that oversees the strategy implementation in some detail, possibly the manager. But, clearly, others in the organisation need to understand that this person is appointed to ensure the business strategy is implemented.

Planning and control systems

These are the typical administrative controls that ensure implementation of strategy. At the centre of good controls is the *budget*. The budget illustrates the allocation of resources and monitors their utilisation. It should cover all parts of the organisation. Sales generation will also form part of the plan with sales being monitored against the budgetary targets. Of course there needs to be some form of flexibility to cope with the unexpected. If revenues are running behind then it will be necessary to reduce spending in some areas but possibly increase them in others, such as marketing.

- Planning can be ‘top down’ and your strategy can be written into policies and procedures which ensure the service is delivered to the acquired standard. E.g. *We will always phone people on the same day when their order has arrived*. However, you may want to engage your team in shaping these policies to ensure ‘buy-in’ to your strategy. This approach might be driven by your values of being a team-spirited organisation as set out in your values statement.
- Technology has an influence on our planning, as many human procedures can be standardised in your computer systems. E.g. you may run a system that forces shop team members to record all sales. They don’t have the choice; therefore, you ensure your records are maintained, which has value to the organisation.
- Your budget may be broken down into weekly purchasing limits, which further ensure your stock turn is maintained. This then, is the broad strategy being worked out on the ground.
- We reiterate that engaging your people to own these systems is important if they are to carry them out with enthusiasm. Top down planning can alienate people if you’re not mindful of your team’s involvement, but ultimately you still need to ensure your business strategy is delivered. This is where we come onto *performance targets*.

Performance targets

Performance targets relate to all the outputs of an organisation, such as service, quality, prices and its outcomes, such as profit. To ensure your organisation achieves its goals you will need to establish your *performance indicators* clearly. This is quite difficult and needs great care. Many businesses are finding that setting purely financial performance indicators, such as sales to budget, are too limiting. They are adding softer targets also to ensure balance.

Typically you might set a sales’ target, gross profit target and net profit target. But you might also set ‘soft’ targets, such as training for your team E.g. *we will develop a weekly training programme over the next six months that is workable for the team and ensure 80% of our team members regularly attend*. This might be alongside a performance indicator of say, reducing stock holding, or increasing the bank balance to a certain figure so you can purchase a new display unit.

Here are some other examples of *balanced* performance targets:

Financial perspective

Cash flow
Profitability
Return on capital employed

Customer perspective

Customer satisfaction survey
Order turnaround times

Internal business viewpoint

Number of hours spent with customers
Number of hours developing new business
Stock turn

Innovation and learning

Revenue per employee
Staff attitude survey
Number of employee suggestions received

Some of these might seem new or slightly odd, but, if you don't illustrate clearly what you want to achieve, how will you know your strategy is on course?

Have you thought?

Have you ever entered the cockpit of a plane and been amazed at the array of instruments? From the altimeter to the fuel gauge, to the air speed indicator, plus many others. Now, you wouldn't expect the pilot of your next flight to fly his plane on just, say, the air speed indicator alone. That would be silly. But, have you thought many small business often 'fly' on *one* instrument, or even no instruments at all?

In reality, we need an array of different 'instruments', but, some we will check regularly as they're pretty important, but others we refer to every now and then. Think about how you measure and manage your business so you fly over the mountaintops, even when they're obscured by heavy cloud!

8. Putting good strategy into practice

And finally, let's give some thought to how we might ensure we regularly assess our strategic direction and how we make sure we always *Begin With the End in Mind*. Most organisations view their business cycle as 12 months, due to the annual accounting process. Therefore, we need to think how you might incorporate some of the issues raised in these training notes into your yearly activity.

Because every organisation is different it would be unwise to prescribe the 'best way' to build in strategy development into your organisation's regular activity. All we would say is that ensuring you schedule in time to undertake strategy reviews ahead of the budget preparation. Consider a logical path of strategy preparation in the run up to finalising your budget so sufficient time is there to consider many of the points we've raised.

Ultimately you will want to see a clear and focused strategy that is reflected in an accurate budget, and recorded in a business plan or document of some sort. This is now your route map for the year ahead, which many in the management team can sit on their desk, or in their briefcase, where it can be pulled out easily for quick reference. It should be a familiar sight at business meetings and crucially it is the framework for reviews. As key objectives are met then tick these off. Where objectives are struggling, don't be afraid to debate each issue vigorously and update the plan.

It sounds so easy on paper, but in reality it requires considerable drive and determination.

9. Summary

Well, we've only skated over the surface of some important issues, some of which are familiar, others that might be new to you. Let's round up our learning with this short summary:

- We've shown that strategy is concerned with the longer-term direction of your organisation and can help in bringing together the disparate elements of your activity into some form of order, so they're kicking towards the agreed mission.
- Good strategy starts with personal preparation and an awareness of our own role in the business; sometimes we don't see everything as clearly as we should and we need to be alert of our own predispositions.
- Understanding the world we're trading in is vital and requires careful analysis. If we're watchful to these external factors, over which we have limited control, then we might be more able to adapt and avoid failure.
- Analysing our resources and capabilities helps us understand where we are strong, and also where there might be gaps in meeting what the customer expects, allowing us to make changes in our strategy.
- Clarifying the expectations and purposes of our business ensure we understand who the organisation is there to serve and how it should be governed.
- Communicating the organisation's strategy and purpose can be achieved through clear mission and goal statements, so stakeholders understand the direction the organisation is heading in.
- Breaking down the mission into goals, objectives and initiatives help the team on the ground understand their part in the big picture, encouraging them to 'buy-in' to your vision.
- Allowing the strategy to shape your structure, planning and control systems will give stability and further direction to the organisation. Setting thoughtful and balanced performance measures will help you to monitor your strategy over time, making managing an organisation more efficient.
- Finally, building in the strategy ideas ahead of your budget process will help you and your team to rise above the day-to-day and see more clearly the future direction of the business. But, it will also influence the budget to be a closer reflection of your mission and goals.

We hope we've whetted your appetite to put in place an increasingly rigorous process of assessing the longer-term direction of your business and make the connection between your business strategy and the day-to-day activity that often consumes so much of our energy. But, if we had to sum up, a lot what we've discussed here has been about how you see the world around you, and your preparedness to respond to what you see. Flexibility to change is an increasingly important asset in your activity. For example, new technology is a considerable external and internal factor driving change. We should be increasingly prepared to assess what these developments mean for our activity. When you plan your next business meeting consider circulating this paper and highlight the points that are relevant to your business.

10. Further reading

If you've got this far, well done! So impressed are we that we've provided a list of some slimmer volumes on business strategy and small business issues. Frankly, there are no business books that can be classed as comprehensive by any stretch of the imagination, so you have to get used to fishing for bits that you need and ignoring other bits that are irrelevant to you. Lots are turgid and shouldn't be read while operating heavy equipment, but you should still be determined to read! (Anyone who raves about a business book as having *the* answer should be given hot drinks and a warm blanket). To limit the pain we recommend you get into the habit of browsing the business books for approaches that excite you personally. Having said this there are some inspirational books that challenge the heart and mind and we've listed some of these over the page.

Small business issues:

Barrow, C. et al. (1997) *Principles of Small Business*. International Thomson Business Press. £28.99

This is a thoughtful book (that means pretty turgid) but covers a lot of key areas for a small businesses and possibly one you can manage a chapter at a time. Useful section asking "Can you make a profit?"

Barrow, C. (1998) *The Essence of Small Business (Essence of Management Series)*. Prentice Hall. £5.00

Similar to Principles of Small Business and by the same author, but a lot cheaper!

Bennett R. (1998) *Small Business Survival: Strategies for Delivering Growth and Staying Profitable*. NatWest Business Handbooks. £5.25

A business book written by a bank like NatWest should be worth having on your shelf as you get some sound advice on strategy which is heavily slanted to profitability and cash flow. However, it's got some naive sections on people stuff, which you might happily ignore!

Strategy for small businesses:

Houston, B. et al. (1999) *Business Strategy: An Introduction*. Butterworth Heinemann. £19.99

A race through business strategy, which looks a bit academic at first glance but is reasonably accessible when examined more closely. Just dip into bits when you need to and don't be put off by the odd sections, which might be irrelevant to you.

Irwin, D. (1998) *Make Your Business Grow: Take A Strategic Approach*. International Thomson Business Press. £24.99

We liked this a little bit because the author has written in reasonably accessible style and also it focuses on growth. Includes a section on leadership.

Napuk, K. (1996) *The Strategy-Led Business: Step-By-Step Strategic Planning for Your Small and Medium Sized Companies*. McGraw-Hill. £6.75

Contains an OK step-by-step section on strategic planning and has some useful sections, plus looks pretty good value for under £7.

Business thinking and learning:

Goldratt, E. M. and Cox, J. (1984) *The Goal*, New York: North River Press £15.95

Tips for reading business books:

Business books are not bedtime reading and usually they're not intended to be read from cover to cover. Read chapters or part chapters on areas that are of interest but don't expect to be entertained.

Endeavour to build a small library, which you refer to when tackling business issues. Also, refer to books when preparing reports to add rigour to your arguments.

Don't take their thinking at face value. Business writers sound clever but they're just offering their view of the world. Use the thoughts to stimulate your own brain cells.

Some business books are costly, but they will pay back many times over.

Stressed executive, Alex Rogo, is running an overstretched factory with his world falling round his ears, and the story follows how he adopts new methods to deal with the 'constraints' he faces. Written as a novel and a good one at that. Cracks his problem whilst lead a scout camp route march! Intrigued?

Handy, C. (1989) *The Age of Unreason, New Thinking For A New World*, London: Arrow £7.99

The classic book about boiled frogs! Expands on the issues of slow change.

Peters, T. and Waterman, R (1982) *In Search of Excellence: Lessons from America's Best-run Companies*, New York: Harper and Row £6.99

The guys who started the business excellence 'movement', which they even admit themselves is not quite what it was cracked up to be, but, nevertheless 'excellent' reading.

Pugh, D. S. and Hickson, D. J. (1964) *Writers on Organisations*, London: Penguin £9.99

Showing its age a bit despite being updated regularly. Nicely condensed thoughts from the organisational gurus of the 20th century that shaped the workplace theories of our lifetime.

Senge, P. M. (1990) *The Fifth Discipline, The Art and Practice of the Learning Organisation*, London: Random House £16.99

Quite a remarkably well-written book that is hugely enjoyable to read. Powerful insights from a gifted thinker.

Further tips:

Balance your bookshelf with some of the titles on this page which are lighter reads. Try to read critically and be cautious of the rhetoric in some of these titles. Consider the flaws in the arguments presented. Consider who the author is and the 'agenda' they're working to. Also, change, especially technological change, overtakes many perspectives in these titles, however, you can see many predictions from ten years ago being played out today.

Reference tools:

Booksellers Association <http://www.booksellers.org.uk/index.htm>

Online resource from the trade's leading association.

By Steve Gibbs
Managing Director
STL Distribution