

**The *faster***  
**you plan**  
**the *sooner***  
**you will earn!**



 ***Instant Strategist***<sup>TM</sup>

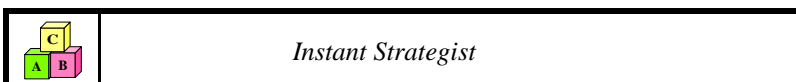
***A strategic planning model that is quick  
and easy to understand and develop!***

Dr. Dan Geller

- ✓ **Quickly** understand strategic planning.
- ✓ **Effectively** develop business strategies.
- ✓ **Successfully** implement your plan.

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***“More than ever before,  
the best strategies are  
irrelevant if they take  
too long to formulate.”***

Dr. Kathleen Eisenhardt  
Stanford University



*Instant Strategist*

Here is what top executives, managers, business owners, and entrepreneurs, just like you, have to say about ***Instant Strategist***.

*"There is elegance in simplicity. If it isn't simple, chances are that you're doing it wrong. I found the **Instant Strategist** process so easy to understand that it will be a benefit in most projects I undertake, whether e-commerce related or not."*

**Colleen O'Rourke**  
**Product Manager, Infrastructure Solutions**  
**Division**  
**Autodesk, Inc.**

*"This simple model, based on three steps (A, B, and C), demonstrates that sound foundations for a strategic plan must be laid to increase the probability of success. The strategic planning process is described in basic steps to allow executives to focus on their strategy."*

**Laura Hall, Division Director, West Coast**  
**Cornell Companies, Inc.**

*"I particularly find this model effective because of its simplistic approach to complex ideas."*

**Moura Borisova, CEO**  
**Black Bear Security Services, Inc.**



## How to Use This Book

This guide's aim is to show you how to develop a valid and effective strategic plan. To do so, we have incorporated icons, graphs, and charts that clearly illustrate the proper application of your strategic plan.

How to best to use this guide:

1. Start by reviewing the flow chart in the beginning of each strategic planning section.
2. Understand how the sequential and the validation processes work.
3. Read the description for each of the outlined topics.
4. Look at the examples of how to write your topic, indicated by this icon:
5. Read and answer the validation question, indicated by this icon:
6. Complete all the outlined topics, and review your entire strategic plan.



Process Validation



Now that you have a valid strategic plan, you must also maintain it. Follow the “elements of change” (see page 14), and update your mission and action sections accordingly.



### *Instant Strategist*

Finally, some words of advice: Even after you complete your strategic plan, it is beneficial to go over each section and review your data. You will be surprised at how much clearer the concepts become when you have read and re-read your material.



Dr. Dan Geller



*Instant Strategist*

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*Instant Strategist™* may be purchased in large quantities for corporate functions and educational institutions (to inquire, please contact Instant Strategist).

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## Table of Contents

<b>Introduction</b> .....	13
<b>Before You Start Planning</b> .....	16
Who needs strategic planning?.....	16
What is a strategy?.....	16
From strategy to e-strategy.....	19
The hybrid-business model.....	20
Strategic void.....	21
Why is strategic planning so challenging?.....	24
The solution.....	25
Strategic planning vs. business planning.....	25
<b>It's Planning Time</b> .....	27
Your building blocks.....	28
Validation process.....	29
Elements of change.....	31
A view from the top.....	32
<b>Vision</b> .....	33
Desire.....	35
Drivers.....	42
Landscape.....	50



<b>Mission</b> .....	62
Models.....	63
Markets.....	75
Marketing.....	82
<b>Action</b> .....	92
Activities.....	93
Personnel.....	102
Financials.....	110
<b>Strategize or Eulogize</b> .....	128
<b>References</b> .....	130
<b>About the Author</b> .....	132

### **Strategic Planning Tools and Resources**

Strategic Planning Software.....	122
Strategic Planning PowerPoint.....	124
Strategic Planning Audio and Video.....	125
Strategic Planning Training.....	126
Strategic Planning Speaker Services.....	128



## **Foreword**

The purpose of this guide is to assist you to develop a valid and effective strategic plan that will succeed in the new economy. Unlike other “text book” publications on strategic planning, our goal is to provide you with just enough information and guidance to quickly develop your own strategic plan, rather than overwhelm you with everything there is to know.

There are two main parts to this guide. The first part is a brief introduction to strategic planning in the new economy; the second part is a useful guide to strategic planning. Here you will find the most innovative and advanced methodology, developed through years of experience, research, and successful application.

If you are familiar with the topic of strategic planning, you may wish to skip the first section and proceed directly to the second part—an outline of steps needed to develop a valid strategic plan for your business enterprise. We do recommend, however, that you at least scan the introduction to familiarize yourself with the concepts and terminology used throughout this guide.



*Instant Strategist*

During many years of research and application of Instant Strategist, I have witnessed the full effect of its success on different businesses. Although I cannot assure you that this methodology will bring success to your business enterprise, I can assure you that your chances of success will increase dramatically by following this methodology.

The fact that you have acquired this publication, and are seeking advanced knowledge of strategic planning, illustrates a strong desire to succeed—and I wish you much success and prosperity with your business enterprise.

## Introduction

Welcome to the new economy, or as many call it, the connected economy. Before you begin reading this guide, it's important to emphasize that we are currently in transition between the traditional economy (the old economy) and the connected economy (the new economy). Expect a gradual convergence of the two economies rather than a fast transition.

No one knows how long this transition may last—it could take one or two decades. So, the important thing to remember is that during this transitional period, you must plan for, and conduct your business in the two economies.

Regardless of your idea, product, or service, if it has anything to do with business, you must first develop a strategic plan for the connected economy.

The purpose of a strategic plan is to provide the audience with a top-level overview of your idea or concept. Moreover, a strategic plan should demonstrate the validity of a concept at its highest level before you begin developing a business plan.

The central concept of a strategy is to validate the proposed business, before any details enter the picture. The logic behind this approach is that if your strategy is invalid, no amount of details or planning will correct the basic flaws in the strategy. Consequently, such an undertaking has a very high probability of failure.

A valid e-strategy is not a guarantee for success. However, it does increase the chances of success by providing a solid and logical foundation on which to develop a strategic or business plan. On the other hand, starting an enterprise without a strategic plan is almost a guaranteed failure.

The purpose of this guide is to highlight the main points of a strategic plan. The recommended points are just examples, and are not necessarily mandatory to each strategic plan. Since ideas are different, it may be necessary to modify the content of your strategy slightly to fit your own model.

Strategies can be developed for a range of ideas and settings, and used in the initial strategy for a new business, or a new initiative for an existing business.

There are two main points to remember when developing a strategy:

1. Provide a top-level description of your business concept and include enough details to allow validation.
2. Construct the strategy in a way that allows you to communicate your concept effectively to the audience.

Recently, we witnessed the fall of many e-commerce initiatives. Although the reasons for each dot-coms' failure varies, it's likely that many could have survived if their elementary and preliminary strategic planning processes had been properly done. We can all learn from these failures and minimize the probability of repeating them in our own ventures.

## **Before You Start Planning**

### **Who needs strategic planning?**

Show me a business or a program that does not have a valid strategic plan, and I will show you a failure. I remember from my corporate life how managers, more often than not, would launch a program—and only after the results were evident did they “define” the objective. As a result, they always claimed their plan was right on target with their expectations. Sound familiar?

With the proper approach to strategic planning, you can define your objectives in advance and, assuming proper execution of the plan, have more confidence that your plan will produce the desired outcome.

In summary, every business initiative, from start-up to Fortune 500, needs a valid strategic plan. Moreover, operating units within large companies, as well as smaller independent programs, need to follow the same methodology if they want to increase the probability of reaching their desired outcome.

### **What is a strategy?**

Simply put, a strategy is a way to pursue a vision by leveraging tools and tactics that will produce the desired outcome.



The ultimate objective of any strategy is to lead the initiative in the direction that will most likely reach the ultimate destination. I use the phrase “most likely,” simply because there are no guarantees, in life or in business, that proper planning will yield the desired results. On the other hand, be assured that invalid planning will always result in an undesired outcome.

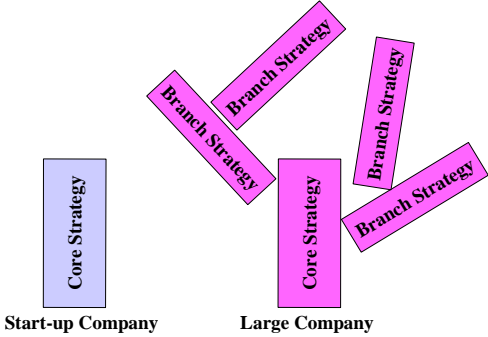
A valid strategic plan is one that contains the basic elements of motion—there is a destination, a means of getting there, and the ability to move in that direction. Since strategic planning encompasses the entire range of business activities, from Fortune 500 companies to small start-ups, one might question how and where to begin.

The answers come with understanding the fundamental difference between large and small companies. On the most basic level, there are no differences between large companies and start-ups—they both have (or should have) a core strategy. But, on a deeper level, the strategic difference is that large companies have branch strategies emerging from their core strategy.

The best example of the interaction between the core and branch strategies is to look at the way a tree grows. In the early stages, the small trunk begins to grow

branches. Similarly, a start-up initially has just a core strategy, but as it grows, it develops branches—some of which grow their own branch strategies.

### Core and Branch Strategies



An important element in the interaction between core and branch strategies is that branch strategies must stem from the core strategy, as well as support it. If this doesn't happen, the company's divisions or operating units may move in directions different from that in which the company is moving.

Just like a fully developed tree, large companies might have many branch strategies for different operating units—and even additional branch strategies to support different programs and initiatives. There is no limit to the number of branch strategies a company can have—just as long as each one has a core strategy and supports the



company's desired outcome.

### **From strategy to e-strategy**

Strategic planning is not a new discipline. It has been in existence for many years. From a military standpoint, strategic planning has been around since Biblical times. However, from a commercial standpoint, strategic planning is only a few hundred years old.

However, things have changed in the last decade, making strategic planning even more critical to commercial activity. The difference is the Internet, or the connected economy—the outcome of the Internet.

In the pre-Internet, or “old economy,” businesses moved only as fast as they could to interact with their clients and suppliers to transfer goods and services. For the most part, such activities were relatively slow compared to the level of speed, connectivity, and interactivity that we experience in today's connected economy.

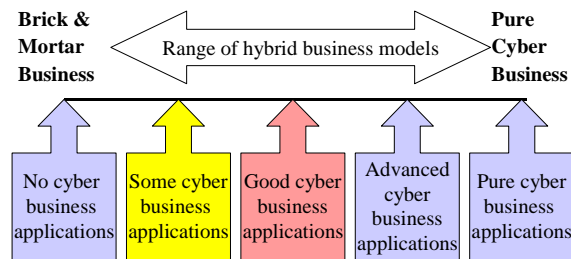
These three new elements, connectivity, interactivity, and speed, make business cycles much shorter, and force companies to plan faster and smarter strategies in order not to miss the train. Business cycles will become even shorter over time, as technology, innovation, and consumer behavior ascend the connected economy escalator.

## The hybrid business model

When it comes to business modeling, the connected economy presents us with new scenarios not available before the introduction of the Internet.

The new business model is a range of combinations between traditional businesses (brick-and-mortar business) and new economy businesses (cyber business). The actual combination of the two depends on the overall strategy of the company—but the flexibility exists to fit this new business modeling to the specific needs of each enterprise.

### Range of Hybrid Business Models



The spectrum between the brick-and-mortar-business model and the pure cyber-business model offers a variety of combinations for the application of connectivity, interactivity, and speed.

For example, a store with a simple website offering basic information and email capability, is part of the category called “some cyber-business applications.”

On the other hand, a store with an e-commerce website—allowing its customers to shop online—is part of the “advanced cyber-business applications.”

**Strategic void**

Strategic void is a term used to define businesses and programs operating without a valid strategic plan. On the surface, it appears that everyone in the business is working on executing the “plan.” In reality, they are wandering the desert without a map or compass. What do you think their chances are of finding a safe place, let alone their original destination?

A natural question is: “Why do many companies and business initiatives operate without a valid strategic plan?” There is no simple answer, but there are some fundamental reasons for this phenomenon.

Some of the reasons have to do with how today’s management operates. Currently, management is worn thin—especially in these times of cutbacks and layoffs. Unfortunately, every “lucky” manager who remains must perform the tasks of his or her terminated coworkers.



Workload is like energy—it never goes away, it just transforms itself. And in this case, it shifts to someone else. As a result, management is overwhelmed with daily tasks, and finds little or no time to plan a valid strategy.

Another reason, related to management, is the “paradox” of modern business practices. In theory, companies should have a long-term plan (strategic plan); but in reality, they are evaluated on their short-term and quarterly performance and not their strategic plans. Any CEO of a public company knows that a major part of his or her job is catering to stockholders and the financial community.

The company must demonstrate that it is capable of producing the expected level of quarterly earnings—otherwise it will suffer reduced stock prices.

The paradox comes into play when the long-term strategic plan collides with the short-term plan needed to demonstrate positive results. This is true *even* if the means of achieving the short-term gains jeopardizes of the long-term strategic plan. In essence, this practice leads to deferred penalties.

The solution is to match the short-term expectations with the strategic plan—even if it means that one or two quarters won't be financially lucrative. However, this is

easier said than done. Corporate politics, red tape, and incompetence can all prevent the development or implementation of a strategic plan.

A phenomenon of the past decade is the decreasing term of employment. The average management employment-term is only half of what it was two decades ago. Many managers just don't have enough time to understand the strategic needs of their company—let alone time to develop a strategic plan.

**Why is strategic planning so challenging?**

If strategic planning, especially in the connected economy, is so critical to the success of an enterprise, why is it so challenging to develop a valid strategy?

There are a variety of reasons for the lack of valid strategic planning. Some of these reasons relate to the fast-paced business environment in which we live. Who has time to plan when most of the business day is spent "putting out fires?"

Yet, the main reason for not having a valid strategic plan is that many executives and managers just don't know how to develop one. There is so much confusion over what defines a strategy, that it's nearly impossible to build a systematic and logical method for developing one.

Often strategic planning is regarded as a complicated and sophisticated process. Many books are written about this subject—and there are just as many approaches to strategic planning as there are books.





## **The solution**

Aside from the easy way out—opting not to have a strategic plan, for all the reasons outlined above—the only other solution is to use a simple, logical, and effective methodology to develop your strategic plan.

Instant Strategist allows for proper strategic planning under the conditions of the connected economy. The simplified approach used in this methodology makes it easier for busy executives to draft e-strategies in a relatively short time. Moreover, it provides managers with a clear and logical path to follow.

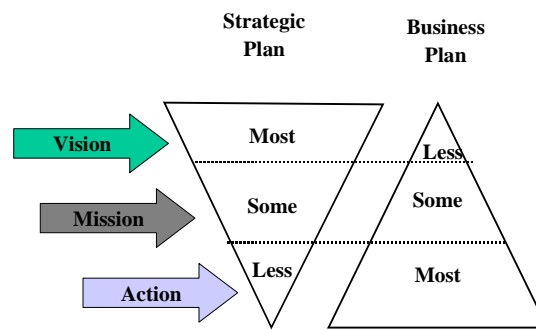
### **Strategic planning vs. business planning**

I'm often asked the difference between strategic planning and business planning. This is a very good question because whenever I mention strategic planning to my clients or my students—they automatically think of a business plan.

To begin, we must understand what role these plans play in the early stages of business formulation. Both plans have the same starting point—an idea for a business that will become successful and profitable. Nevertheless, there are important differences between the role of the strategic plan and role of the business plan in bringing an idea to fruition.

The simplest way to explain the differences between a strategic plan and a business plan is to equate them both to a person preparing for a trip.

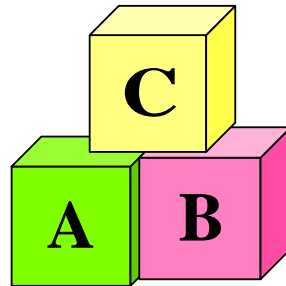
### Strategic vs. Business Planning



There are two major decisions a traveler must make before he or she can go on a trip: where to go; and how to get there. The strategic plan focuses on “where” the traveler wants to go; whereas, the business plan focuses on “how” the traveler will get there.

The main reason you need a strategic plan before you even begin to work on your business plan is very simple: If you don't know where you are going, how can you know how to get there?

## It's Planning Time



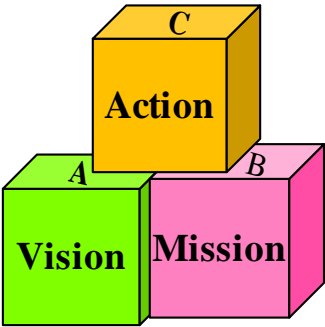
## It's Planning Time

### Your building blocks

Developing a valid strategic plan is much like working with building blocks. First, you must place the foundation blocks—and only then can you put the other blocks on top.

The most effective way to construct a strategic plan is to follow the same way in which the human brain thinks and operates. This process has three main stages:

1. First, determine what you want to do. (Vision)
2. Next, figure out how you are going to get there. (Mission)
3. Finally, work out the details. (Action)





Consider our traveler planning a trip. First he or she decides on the destination, then how to get there—maybe by car or by plane—and only then can the traveler work out the details (such as what to take along, and when exactly to go).

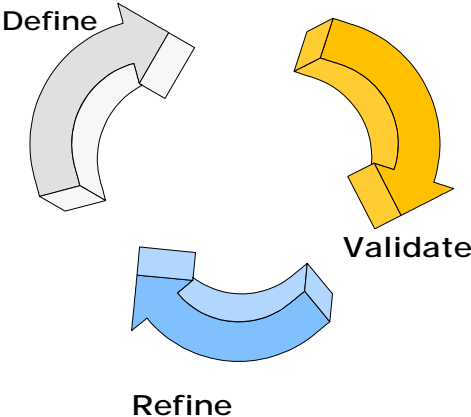
By following these three stages, you can stay focused on each part of the plan, while maintaining the sequence of the process.

### **Validation process**

An important part of strategic planning is the validation process. The purpose of this process is to ensure that each phase in your e-strategy is well founded (valid) before you proceed to the next phase. The logic is that if you build your strategic plan on a shaky foundation, you will end up with an equally shaky structure.

There are three stages to the validation process. Repeat the process with each of the three phases of your strategy (Vision, Mission, and Action).

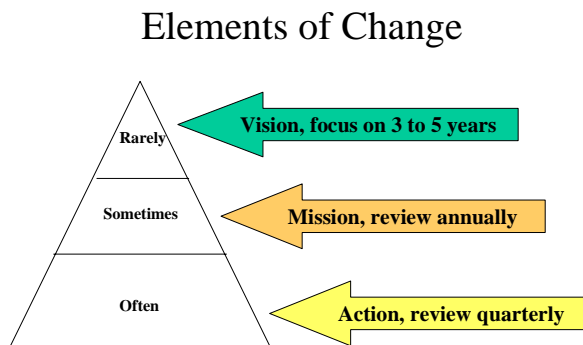
# Process Validation



- **Define**—outline the content of the appropriate phase.
- **Validate**—establish the content of a given phase by ensuring that you have correctly defined each of the elements included in this phase.
- **Refine**—if you haven't covered the required issues in each of your definitions, go back and make the appropriate changes. When everything is in order, proceed to the next phase.

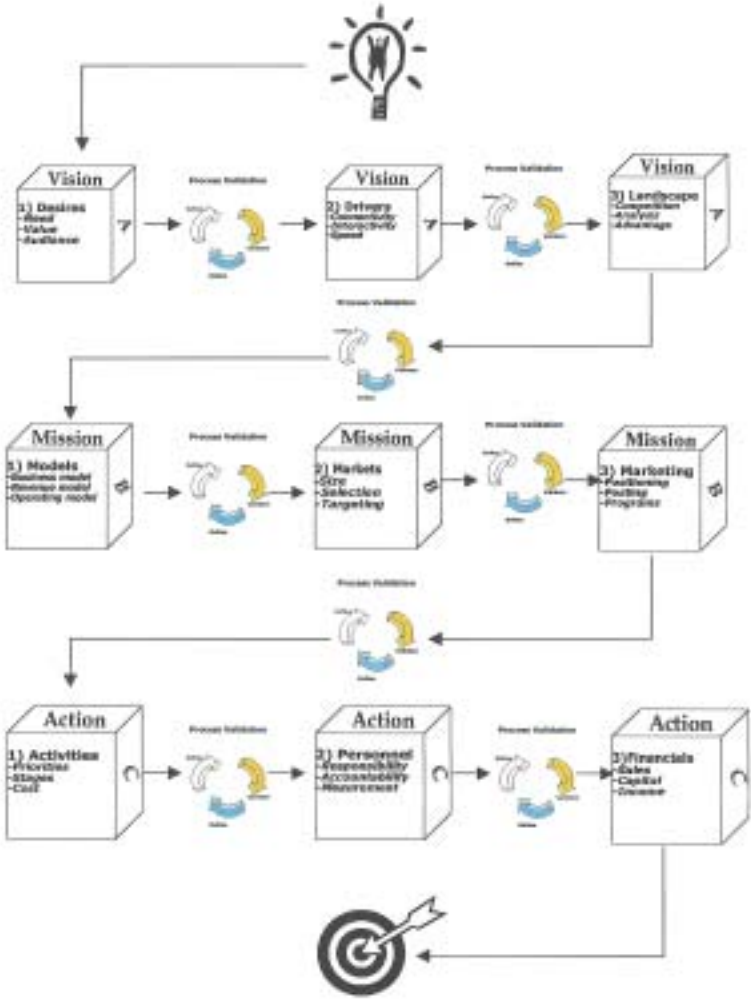
## Elements of change

Although strategic plans are generally designed for a longer term (three to five years), not all the elements of a strategic plan remain static for the full duration of the plan.



The Vision phase of a strategic plan won't change for the duration the plan, unless there are some unusual circumstances that may force such a drastic change. The Mission phase of the plan should be reviewed—and if necessary, revised—on an annual basis. Review the Action phase of the plan on a quarterly basis, as new technologies and changes in personnel develop.

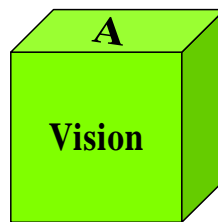
**A view from the top**  
**Flow Chart**





## Vision

*Where do you want to go?*



# Vision

## *Where do you want to go?*

If you tell me where you want to go, I'll show you the way. But, if you don't know where you are going, you shouldn't even start your journey—you, and your plan, will be lost.

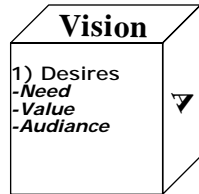
The vision for your company, project, or program is the first step in the strategic planning of any successful initiative. This establishes the ultimate destination, and dictates the means (“how”), and the actions (“what”) required to complete your plan.

The Vision block consists of three steps. Each of these steps must be covered and validated before you can continue the building process of your strategic plan.

The three steps are:

1. **Desires**
2. **Drivers**
3. **Landscape**

## Desires



Desire is the starting point of all human activity. Everything we do—on a personal, professional, or emotional level—has roots in at least one human desire. Any initiative that does not address one or more of these desires will fail because it simply does not provide what people want.

Define the desires of your target market (internal, external, or both), but *not your personal desires*. Although this plan is yours, your vision must center on those who will benefit in order for your plan to succeed.

There are only seven basic human desires encompassing everything for which we desire and aspire. These seven desires are (in no particular order):

- **Self Preservation**
- **Freedom of Body and Mind**
- **Material Gain**
- **Recognition and Exclusivity**
- **Love**

- **Sex**
- **Absence of Fear**

## Need

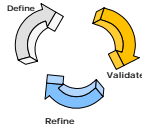
To start your strategic planning, associate your concept or idea with one or more of the basic human desires. Remember—your product or service will fail if it doesn't meet at least one basic human desire!



*Define your concept or idea as it relates to one or more of the basic human needs. For example, if you are starting a cyber business to sell life insurance online, you can define the need of your customers in the following manner:*

*The justification for my vision derives from the basic human need for absence of fear, as well as desire for material gain. When a customer buys life insurance, he or she reduces the anxiety over this unknown part of life. Consequently, he or she is comforted with the fact that their surviving family members will be compensated financially if something should happen to him or her.*

Process Validation



To validate this stage, you must ask the following question:

- **Does the definition of my vision include at least one of the basic human**

**needs?**

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Value

By value, we mean a benefit that supersedes any other way customers fulfill their needs. Showing the link to a need does not automatically create a value in the mind of your customers. It is likely that customers have other ways to satisfy the same needs you are targeting with your vision.

Satisfying a basic human need, by itself, does not guarantee a commercial transaction. A commercial transaction occurs when one of the basic human needs is satisfied, AND when customers perceived value in the product or service provided.

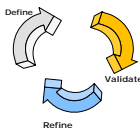
The following list of features and benefits provide some of the strongest values to customers.

- Faster
- Easier
- Simpler
- Selection
- Education
- Availability
- Flexibility
- Guarantee
- Other elements unique to your product/service.



*The life insurance policy I sell provides value to my potential customers because it includes a flexible payment option. This means that during periods of limited budget, a customer may pay just a portion of the premium. During times when more funds are available, a customer may pay the entire premium, or even more.*

Process Validation



To validate this stage, you must ask the following question:

- **Do I provide a substantial enough value for my potential customers to use my services rather than similar services provided by my competitors?**

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## **Audience**

Define your audience in terms of the psychographics and lifestyle characteristics of your potential customers. This is different from the demographics and other market-related issues that are covered later in the plan.

The main purpose of defining your audience, at this stage, is to ensure that there is a match for the demand of your product or services.

There are several models of psychographics segmentation. One of the most popular is the VALS (Values and Lifestyle) model developed by Stanford Research Institute (SRI). The VALS model segments people into eight groups; each with their own unique values and lifestyle attributes.

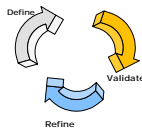
The eight psychographics groups are: **Innovators, Thinkers, Achievers, Experiencers, Believers, Strivers, Makers, Survivors**. A complete description of each of these groups can be found at the SRI website: <http://www.sric-bi.com/VALS/types.shtml>.





*My audience is composed of individuals or families who appreciate the assurance of knowing that if anything happens to them, their loved ones will be financially secure. These are likely to be active people, who like flexibility and value family and security.*

Process Validation

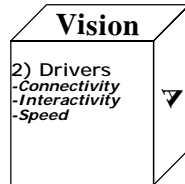


To validate this stage, ask yourself the following question:

- **Does my plan match the need and value of my business with the psychographics and lifestyle profile of my audience?**

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Drivers



The second part of the Vision block is a critical component of any valid e-strategy. Be sure to devote adequate time and thought to this section. It is one of the main differences between a traditional strategic plan and a strategic plan designed for the connected economy.

In this context, drivers are the forces instigating change in our society. Needless to say, the connected economy is one of the major changes that we are currently experiencing, and it will be with us for some time to come.

Yet, the connected economy is an effect not a cause. The cause is a collection of drivers enabling the connected economy to manifest in our daily lives. These three drivers are:

1. **Connectivity**
2. **Interactivity**
3. **Speed**

When outlining how you are going to use connectivity, interactivity, and speed in your online enterprise, it is helpful to include a simple schematic of your business model.



## Connectivity

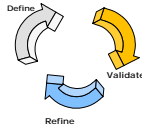
Connectivity is the ability to connect interested parties with one another. In the traditional economy, connectivity was limited to the company's size and physical place of business, or its distribution reach. But in the connected economy, there is no such limit. Anyone can become a participant, as long as they have access to the Internet.

Outline how your enterprise is going to leverage the unique properties of connectivity to conduct business. Keep in mind that connectivity allows you to reach virtually anyone around the world, as long as they have access to the Internet. Therefore, the limitations of country borders do not apply.



*I host a website that allows both my current and potential customers to log-on to their account, within a secure environment, and conduct their insurance business online. Utilizing connectivity allows my business to target customs anywhere, and eliminates their need to be in one particular place to conduct business with my company.*

Process Validation



To validate this stage, you must ask the following question:

- **Do I use the connectivity feature of the Internet to reach more potential customers and increase my business?**

If you answered no, please go back and revise. If you answered yes, continue to the next stage.



## Interactivity

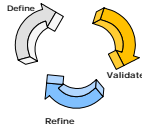
Interactivity is the ability to interact directly with a source in real-time. For example, when you are watching television, you are experiencing a non-interactive media (one-way communication) because you do not have the ability to interact with the source. When you read or view the news online, you can interact with the source by voicing your opinion, or by searching the Internet for additional information.

In the connected economy, customers expect instant gratification and information. This means you must provide them with an opportunity to ask questions or obtain additional information in real-time through your website—regardless of their geographical location or time of day.



*My website includes a FAQ section, Instant Messaging capabilities (24-hours a day), as well as contact information including a toll-free phone number and email. We make a policy of answering customer's questions 24-hours a day. If the communication is by email, we respond to our clients within two hours.*

Process Validation



To validate your analysis, you must ask the following question:

- **Do I utilize the Internet and allow my customers to communicate with me whenever they wish to do so?**

If you answered no, please go back and revise. If you answered yes, continue to the next stage.



## Speed

Speed is an important part of the connected economy because it allows parties to communicate and interact in real-time. For example, when reading a newspaper, you are reading information that was compiled many hours ago. The speed with which the information flows from the reporters to the press, and then to the newsstand is very slow. On the other hand, you can view up-to-the-minute news online without any delay.

Here, too, you need to think of how best to leverage speed and satisfy your clients' need for instant gratification. As things move faster, in our personal and professional lives, we expect the same from our service providers. Your business must provide your customers with what they need and within a fast turnaround time.

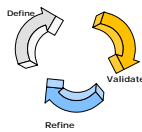


*New customers applying for insurance are notified of approval within 24 hours of submitting their online application. We link to many medical-record providers, enabling us to review medical records for each applicant, and respond within 24 hours. We model ourselves after the credit card companies that are able*



*to review and approve credit within a matter of hours.*

Process Validation

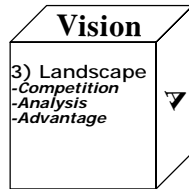


To validate your analysis, you must ask the following question:

- **Do I utilize the speed of the Internet to provide my customers with instant gratification?**

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Landscape



Landscape is an overview of the market elements directly affecting your business. It includes deciding how you can leverage these elements to your advantage.

No enterprise operates in a vacuum—you will encounter competitive forces in the marketplace. Even if your business model is unique, and no one else does what you plan on doing, you will still have competition. For example, Amazon.com was the first to sell books online, but its competitors were brick-and-mortar bookstores.

There are three main elements in your landscape, which you will need to review and analyze before defining the last component of your Vision block:

1. **Competition**
2. **Analysis**
3. **Advantage**




## Competition

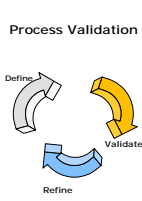
Competition exists everywhere, and all the time—this is the nature of a free-market system. There are only two ways to overcome these competitive forces. One is to fight them head-on, and the other is to go around them.

Needless to say, the first option is the hardest and the most expensive. Competing head-on with any existing establishment is very difficult, and, in most cases, unsuccessful. There are several reasons for this. One being, competition occurs in the mind of the customer. If an existing enterprise has already established itself as the leading provider in their category, you will fail if you uproot this positioning in the mind of the customer. Case in point: Think fast about the leading cola drink in the world. Of course, it is Coca-Cola. But, for decades, Pepsi tried to claim the leading position in the mind of the customer, and it failed.

Once again, head-on competition is extremely expensive and unless you have deep pockets, which most young businesses don't, you must adopt the second op-

tion noted above: Go around your competitors. This simply means developing a competitive advantage that makes your approach so unique customers see you as the leader in a newly created category. Back to Amazon.com, they could not compete head-on with the existing brick-and-mortar bookstores, so they created another category—cyber bookstores.

 *Start by making a list of your competitors. Again, do not just look at competitors who do the same thing as you, but instead include any entity that has an effect on your market target. Next, prioritize the list in terms of the influence each of these competitors has on your market target. Number the companies in order of influence, with one being the most influential competitor.*



To validate your analysis, you must ask the following question:

- **Do I identify each competitor with a direct influence on my market target—even if they aren't necessarily doing it the same way I am?**

If you answered no, please go back and revise. If you answered yes, continue to the next stage.



## **Analysis**

Once you identify and prioritize your competitors, it's time to analyze them so you can define your competitive advantage relative to your competitive set. A competitive set is a collection of your top competitors—only those possessing the greatest influence on your market target.

The main purpose of this analysis is to identify and pinpoint the elements you can leverage to make your operation different from the operations of your competitive set. This process includes three stages:

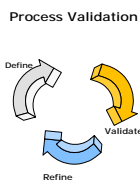
1. List your competitive set in the order of influence on your market target.
2. Define the main categories—those most important to your operation.
3. Score each of your competitors, as well as yourself, and sum up the results.



*An analysis of the top competitors indicates that there are differences in the strengths and weaknesses of each one. Our e-business model can gain a competitive advantage by focusing on the areas that are relatively weak with our competitors.*

### Competitive matrix

Competitive set	Interactivity	Connectivity	Speed	Simplicity
<b>Competitor one</b>	—	+	—	+
<b>Competitor two</b>	+	+	+	—
<b>Competitor three</b>	—	+	+	+
<b>Our business</b>	+	+	+	+



Process Validation To validate your analysis, you must ask the following question:

- **Do I identify the main strengths and weaknesses of my competitive set as they pertain to the connected economy?**

Notice that I emphasize the issue of the connected economy. It is important that you analyze your competitive set in the context of the connected economy (connectivity, interactivity, and speed) rather than conventional criteria. You may add other elements of evaluation, such as ease of use, and so on, as long as they relate to the same context.

If you answered no, please go back and revise. If you answered yes, continue to the next stage.





## **Advantage**

There are only two ways to compete in the marketplace. One is to do the same thing and in the same way that the competition does, the other way is to develop a competitive advantage to differentiate your business. This will allow you to capture your fair share of the market without spending money and resources on head-to-head competition with your competitors.

As a rule, head-to-head competition is not worth it. Business history has shown us that even corporate giants fail when they attempt to overcome their competition with a head-to-head fight. The main reason for this outcome is that competition doesn't occur in the marketplace—it occurs in the mind of the customer.

As human beings, we have a limited capacity to remember details. Therefore, we condition our minds to prioritize and remember only the most important items. When recalling brands, products, or services, most people can't remember names beyond the third-placed item. For example, can you name the top airlines? Or the top computer manufacturers?

You will see that anyone answering these questions can usually only list the three leading brands. Therefore, it is extremely difficult to uproot an existing position from the mind of the customer. The lesson here is that you want to set yourself apart from the pack, and develop an advantage you can maintain for a long time.

Notice that I am not using the term “sustainable” competitive advantage. I do so for a reason. In the connected economy, it is very challenging to “sustain” a competitive advantage simply because it is easy for your competitors to copy your business model. Moreover, it is very difficult and expensive (as well as ineffective) to protect a business model, even if you obtain a patent.

Strive to develop an advantage—establish yourself as the leader in your particular category. Don’t be caught in the trap of building “imaginary walls” around your business just to find out that you’ve left the main gate open.

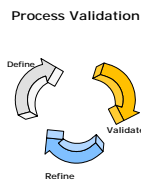


*Based on the analysis of our competitive set, we see an opportunity for developing a competitive advantage by offering our customers with a business model that is interactive, as well as simple to use. We will maintain a satisfactory level of connectivity and speed, with a focus on the areas of interactivity and speed.*

*We use this competitive advantage in our branding, as well as in our marketing, sales, and promotional programs. The value for our customers is in their the ability to interact with our business in the simplest way possible.*

To validate your competitive advantage, you must

ask the following question:



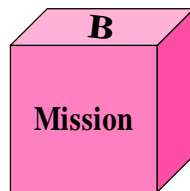
- **What are the different factors I'm targeting (interactivity and speed) relative to our competition? Do they offer enough value to convince customers not to use our competitor?**

If you answered no, please go back and revise. If you answered yes, continue to the next stage.



## Mission

*How will you enable your vision?*



## Mission

### *How will you enable your vision?*

Now that you have defined and validated your *vision* (where you want to go), it is time to decide on *how* you are going to get there. Remember the rule: Knowing where you are going is not enough to guarantee that you will arrive at your destination. You now must decide on how to get there.

The Mission block consists of three main components. Each component deals with specific elements important to a well-defined and valid route. Think of your Mission block as a road map, one you are using to plan the route to your selected destination.

As we discussed earlier in this manual, you cannot start the process of strategic planning with the Mission block. If you don't know where you are going (your vision), then even the best map in the world won't help you.

The three main components of the Mission block are:

- 1. **Models**
- 2. **Markets**
- 3. **Marketing**

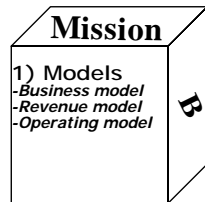
### **Models**

Models are descriptions of how you will take steps to achieve your vision. A model is a combination of a simple schematic, accompanied by a short description of the process.

Remember that this is a strategic plan, as opposed to a business plan. The main purpose of this plan is to validate your idea rather than formulate a detailed document with all the information for developing and operating your business.

When defining your models, think of the basic steps and functions required to achieve your vision. Do not overwhelm the process with details—they will come later in your business plan.

## Business Model



The business model is the first model you must define—and it outlines how to conduct your e-business. The idea here is to reduce your business model to its most basic function, and by doing so, review and validate it before it gets “clouded” with too many details.

When defining your business model, think of the steps that each entity involved must consider when conducting business with your enterprise. Remember that a business model is a cycle with the customer initiating the first step (order or purchase). Then the process continues full-circle until it ends with the delivery of goods or services to the client.

For each of the entities involved in your business model (customers, suppliers, and so on), describe the main function they fill, as well as how they execute this function. For example, describe a customer logging on to the website, searching for a desired item, placing an order by entering a credit card, and receiving a payment



confirmation.

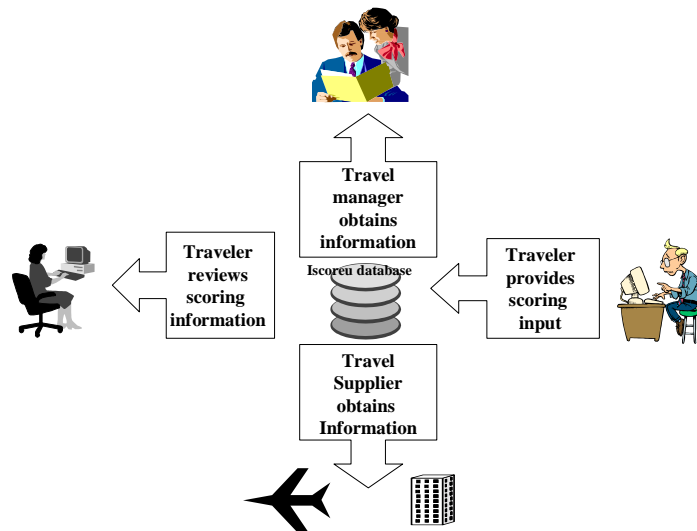


*Consider an example of an business (iscoreu.com) that provides score cards of travel providers (airlines, hotels, and car-rental companies).*

*There are two types of travelers logging onto your site.*

### **Customers**

- 1. A traveler logs on to the site to rate a flight that he or she just took. The traveler selects the airline from the drop-down menu, enters the flight number and the date of the flight, and then fills out the score card. The score card has seven basic questions on topics such as check-in, in-flight service, and so on.*
- 2. A traveler logs on to the site to view a score card from a flight that he or she is about to take. The traveler selects the airline, enters the flight number, and the score card appears.*



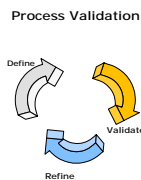
*There are two types of clients for this business:*

- 1. Travel suppliers (airlines, hotels, and car-rental companies) will use the score card information to evaluate and improve their performance by utilizing the information provided by the completed score cards.*
- 2. Travel managers (people who manage travel for large companies) will use this information to evaluate the performance of travel suppliers with which they plan to do business.*



## **Business**

*Our business will consist of an interactive website and database to aggregate the scoring information provided by the travelers. We will display this information to other travelers, as well as to travel suppliers and travel managers, who subscribe to our service.*

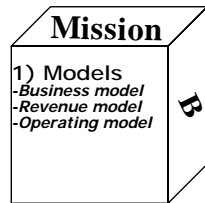


To validate your business model, you must ask yourself the following questions:

- Is there a strong motivation for travelers to enter scoring information on travel suppliers?
- Is there a benefit for travelers to retrieve scoring information before they go on a trip?
- Is there a value to travel suppliers to obtain this information?
- Is there a value for travel managers to obtaining this information?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Revenue Model



Remember that your reasoning for a successful business is to generate revenues and net income. When outlining your revenue model, you need to consider all the avenues available to generate money for your company. Naturally, some opportunities for additional revenues might present themselves later in the lifecycle of your e-business.

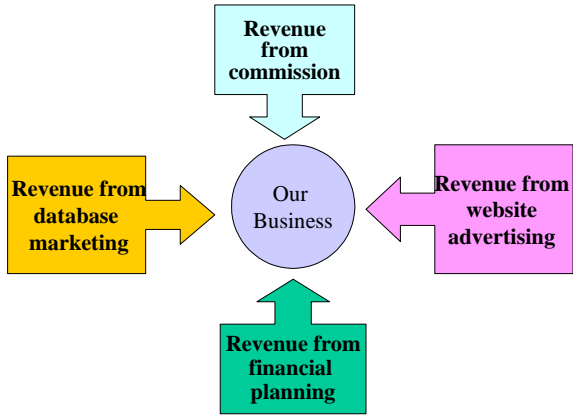
Revenue models consist of revenue streams. Each revenue stream represents one way of generating money, and together the revenue streams form the entire process of your revenue model. The best way to present your revenue model is by combining the schematic with the description.



*Our revenue model consists of four revenue streams. The first revenue stream comes from our commission on the sale of insurance policies to our customers.*

*The second revenue stream is database marketing. We will market appropriate services to our customers based on the type of insurance they purchase. For example, when a customer buys a new homeowner insurance, we will act as a marketing service provider to companies that are in the business of home remodeling.*

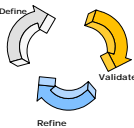
### Revenue Model and Streams



*Our third revenue stream derives from providing financial services. These services may include estate planning, savings, retirement, and so on.*

*The fourth revenue stream consists of advertising on our website. We will solicit advertisers selling products and services suitable for our market target.*

Process Validation

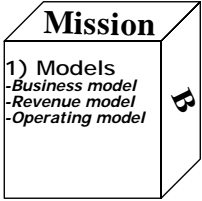


To validate your revenue model, ask yourself the following question:

- Do I leverage my core revenue stream in all possible avenues to generate incremental revenues?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

### Operating Model



In this section, you will briefly outline the main functions of your operation—including a short description of its purpose or responsibility. Remember, you shouldn't go into much detail at this point. Include just enough to give the

reader a sense of your operational structure. You will have an opportunity to expand on each of these topics in your business plan.



*The best way to describe your operational model is with a table. List your topics and provide a short description next to each one.*

Function/ Subject	Responsibilities/Function
<b>Location</b>	Our business will be located in a 1,000-square foot office space available on Market street in the downtown area. The lease is on a three-year renewable basis, and will cost \$3,000 per month.



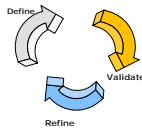
Function/ Subject	Responsibilities/Function
<b>Top Management</b>	Our top management will consist of the following personnel: <ul style="list-style-type: none"><li>• Tom Smith, President and CEO, formally President of X &amp; Z Insurance Company. He will be responsible for the overall business operation.</li><li>• Mary Johns, VP Marketing, will be in charge of all marketing and selling activities.</li></ul>
<b>Finance</b>	Joe Level, CFO (formally controller of the HGD Company), will be in charge of funding and oversee the financial aspect of our business.
<b>Technology</b>	Diane Moler, CTO (formerly CTO of UYT company). She will be in charge of all technology issues, including development. of the website.





<b>Function/ Subject</b>	<b>Responsibilities/Function</b>
<b>Sales</b>	We will hire five salespeople, knowledgeable in the insurance business, to work from their home offices. This sales team will report directly to the VP of Marketing.
<b>Equip- ment</b>	We will lease all of our office equipment from the KIU Company. The lease structure includes a purchase option, with an upgrade option after one year of use.
<b>Logistics</b>	The office space has DSL phone lines and all the necessary connections needed to start operations.

Process Validation



To validate your operating plan, ask yourself the following questions:

- Do I list all the functions we need to start operations?
- Are the people responsible for these functions capable of performing them?
- Can we perform the same tasks with fewer people?  
Are they fully utilized?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Markets

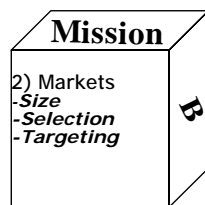
In this section of the Mission block, we will address market issues. This is an important section because it outlines the scope of your market, as well as the activities that you will need to capture your fair market share.

The market section consists of three main elements:

1. Size
2. Selection
3. Targeting

Each of these elements are important to the success of your venture—put some thought into the planning process of each section.

### Size



No matter how good your product or service is, it won't become prosperous if the size of your potential market isn't large enough to support it. Therefore, the first order of business is to determine if the size of your market is large

enough to support your business.

This stage requires some research—and there are many ways to conduct research on different market segments. Some of the best sources with which to start are:

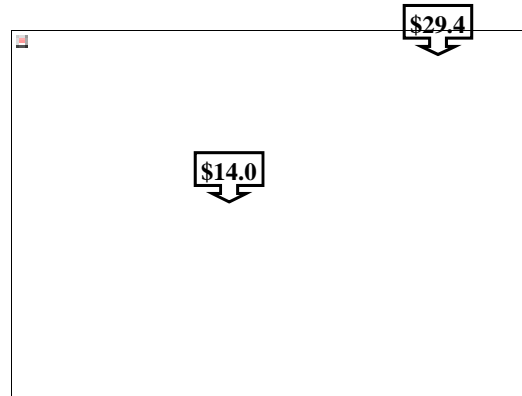
- Trade organizations related to your business
- Government reports and statistics
- Consulting firms that cover your area of interest

After you find out the size of your market, present your information in a way that is simple and easy to understand. The ideal approach is to use a graph showing the total potential market as it relates to your market target. Keep in mind that it is impossible for one company to acquire the entire market (this would constitute a monopoly).



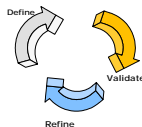
*For example, if you are thinking of starting an e-business related to the travel industry, you must know the size of your market. You also need to learn how many different travel categories are being booked.*

## Online Travel Sales (in \$US Billions)



*First, you must find out if the online commerce in your category is large enough to support your future business. To establish this, find out the volume of the travel industry's online sales—preferably with an outlook including the next several years.*

Process Validation

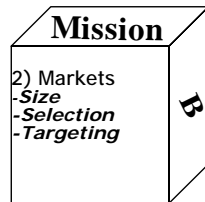


To validate this stage, ask yourself the following question:

- Did I find current, reliable, and helpful data on the size of my market?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Selection



Once you determine and validate that the overall size of your market is sufficient enough to support your current and future business needs, proceed to the next stage to refine your targeting effort.

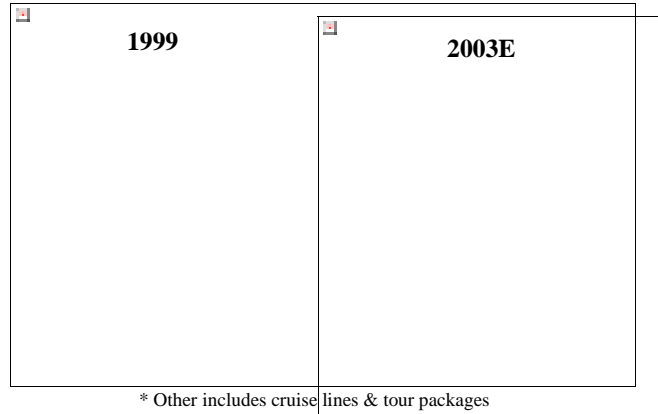
At this stage, narrow your focus to the specific market target you are planning to service. Break down the entire market into different categories.



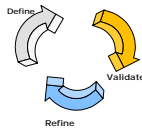
*Let's assume that your new enterprise focuses on online bookings for hotels only. In this case, knowing that the total number of travel online bookings is large doesn't tell you much. You need to find out how large is the market for booking hotels.*

An additional benefit of the selection process is that you obtain statistical information on all other segments of the market. You might find it necessary to make modifications to your plan if some segments become more promising than others in their size and growth potential.

## On-line Bookings by Segment



Process Validation

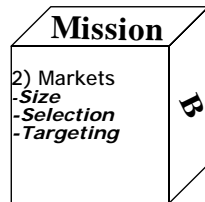


To validate this stage, ask yourself the following question:

- Is the size of my market large enough to justify and support my business, both now and in the future?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Targeting



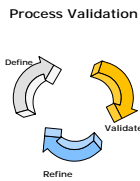
Targeting is a function of deciding on a specific market target, and defining the link between the need of this market target and the products or services that you provide.

When you decide to target a specific market segment, you must also keep in mind the need and value you defined in your Vision block. In other words, when you have a choice in selecting a market target, choose the one that most closely matches your vision. This will ensure a reasonable connection between your customers and your plans.



*We are choosing to target the “other” category of online travel booking—cruise-line booking—because this market target has the potential to grow from 12 to 23 percent in the next few years. We are targeting this market segment because we believe people who take cruises are more likely to fit the needs and values that we defined in our vision section.*





To validate this stage, ask yourself the following question:

- Does the market target we selected match the definition of the need and value we outline in our Vision phase?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Marketing

Outline the activities related to marketing your e-business. Since we are building an e-strategy, our focus here is on e-marketing. However, this does not mean that you will need to practice “traditional” marketing activities.

The first thing to remember about e-marketing is that when you enter the connected economy, you are just one out of millions of e-business sites. If you don’t practice basic e-marketing activities, your e-business will be lost in the jungle of the World Wide Web.

## Positioning



Optimize your site based on the need and value that you are providing, and on the market target that you have selected. The most important aspect of site optimization and positioning is *the perspective of the customer*. This means, when you are selecting meta tags and keywords for your site, always think about what keywords *your client* will use to search

for your services—not what *you* think they might use.

You can find out what keywords your potential customers are using by contracting the services of a SEO company (Search Engine Optimization). This service will let you know what keywords people use when they search for your type of online service.

*If you look at the example in the competitive analysis, you'll recall the competitive advantages are interactivity and simplicity. Position your site in accordance with these competitive advantages.*

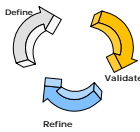


*We will design and insert keywords and meta tags reflecting the properties of interactivity and simplicity (in addition to other features, such as value, services, and so on). Based on the keyword report that we commissioned, we found our market target most commonly uses the following keywords when searching for services:*

- *Insurance: 90%*
- *Life insurance: 75%*
- *Home insurance: 70%*

- *Insurance premiums: 56%*
- *Low-cost insurance: 34%*

Process Validation



To validate this stage, ask yourself the following question:

- Do my positioning activities support the competitive advantage I developed in my Vision block?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Posting



Optimizing your site is just the first stage. Now that your site has all the proper keywords and meta tags, it's time to move to the next stage—posting on search engines and directories.

Posting is an art unto itself, and usually requires a professional familiar with this area. Most search engines and directories post manually (someone must fill out the application form and submit it to the search engine or directory).

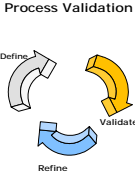
When your business is just starting, it is impossible to know which search engines or directories are going to be the most suitable for you. At this point, select the most visible companies. Later, when you receive tracking reports, you may wish to make some changes.



*We will submit our website for registration on the following search engines and directories (see chart below). We will constantly monitor our ranking within each of these search engines and directories to ensure proper placement.*

Search Engine/ Directory	Type of Posting	Description
Yahoo/ Overture	Sponsor	We will sponsor our category on Yahoo at a cost of \$3,000 per month.
Google	Bid	We will bid on the top five words used in searching for our business category. In addition, we will always bid for second place.
Business.com	Payment	We will pay monthly fees to business.com to disseminate our listing to its network of search engines and directories.

To validate this stage, ask yourself the following questions:



- Did we post our website on the major search engines and directories?
- Have we determined what kind of posting we are going to practice with each of

the search engines and directories?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Programs

Everything we've done thus far falls under the



“passive marketing” category. We've laid the groundwork to receive customers into your site, but we have not yet done anything to “push” customers in that direction.

In order to “push” customers to your website, first develop programs that will promote your site and entice potential customers to visit. There are many ways to practice such programs, but you need to determine what is most suitable for your e-business.

*The most successful e-programs are well thought-out,*

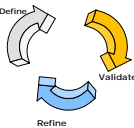


*and very targeted. The first order of business is to determine what kind of a program you want to initiate. Let's assume that you are thinking of developing a direct-mail piece that will entice customers to log-on to your site and book their next cruise with you.*

<b>Market target</b>	<b>Media</b>	<b>Promotion</b>
<b>Customers who are very likely to book cruise trips online</b>	Direct mail. We will contact a direct-mail house and obtain statistics on the demographics and lifestyles of past cruise-line customers. From that, we will pull new potential customers to match this profile. We'll first make a market test in one geographic area and then monitor the return rate.	Our promotion will consist of a 10 percent discount off the cruise rate if customers log-on to our site and book their trip within two weeks after receiving our mailing.



Process Validation



To validate this stage, ask yourself the following questions:

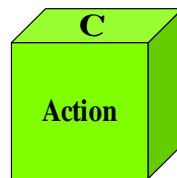
- Did we conduct enough research to ensure that the targeted customers match the profile of our potential customers?
- Do we have a system to track the return rate of our promotional program?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.



## Action

*What do you need to do?*



# Action

## *What do you need to do?*

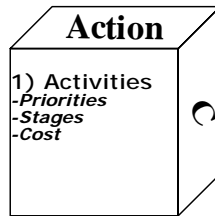
The Action block is the third and final phase of your strategic planning process. The purpose of this block is twofold. First, to transform your previous two phases into practical and “tangible” plan, so that you can see exactly how to fulfill your vision. Second, to view your vision through a financial perspective and check the feasibility of your final strategic plan.

Another important aspect of the Action phase is to provide a check-and-balance mechanism for your strategic plan. Often, when we are engaged in high-level planning, we let our minds and imagination float free—which is a necessary part of strategic planning. However, at some point in the process we need to impose a layer of reality to ensure that our proposed enterprise has feasibility in terms of business resources and expected revenues.

The Action block consists of three major sections:

1. Activities
2. Personnel
3. Financials

## Activities



The Activities section is the first step in transforming your Vision and Mission into a more practical level. In this section, you will list and prioritize all the activities you need to fulfill your mission. First, list all the required

activities.

### Priority

Starting an e-business is very cumbersome and detailed oriented. Many action items must take place, but first you must write them down. The best way to start is to write anything that comes to mind in each of the following categories:

- Operational
- Technical
- Marketing
- Financial

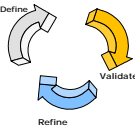


*Outline your activities without regard to order or priority. However, do keep the activities in their correct categories. You will have the op-*

*portunity to address the issues of priorities and cost later.*

Category	Stage/Priority
<b>Operational</b>	(Leave blank for now)
<b>Technical</b>	(Leave blank for now)
<b>Marketing</b>	(Leave blank for now)
<b>Financial</b>	(Leave blank for now)

Process Validation



*To validate this stage, ask yourself the following question:*

- Did I list every activity that needs to take place in order for us to fulfill the functions outlined in my Mission block?



(

Activity	Estimated Cost
<ul style="list-style-type: none"><li>• Develop a business plan</li><li>• Find office space</li></ul>	(Leave blank for now)
<ul style="list-style-type: none"><li>• Write a development plan for your website</li><li>• Bid on a web-development project</li></ul>	(Leave blank for now)
<ul style="list-style-type: none"><li>• Establish a clients' Advisory Board</li><li>• Develop preliminary marketing material</li></ul>	(Leave blank for now)
<ul style="list-style-type: none"><li>• Identify potential investors</li><li>• Prepare presentations to potential investors</li></ul>	(Leave blank for now)

If you answered no, please go back and revise. If you answered yes, continue to the next stage.



### Stages

The reality is that some activities need to take place before others. For example, you must develop a detailed web-development specification document before you can start working on the actual technical development. In this stage, you will prioritize your listed activities in the order in which they need to be performed.

Category	Stage/Priority
Operational	A list
Technical	A list
Marketing	A list
Financial	A list
Technical	B list
Marketing	B list
Operational	C list
Marketing	C list

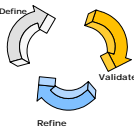




*Review your previous list of activities, and prioritize them in accordance with each of the stages. For simplicity, you may divide the entire activity list into three stages: A, B, and C (“A” being the first stage to take place). Then, sort your list in ascending order, so that all the “A” activities are first.*

Activity	Estimated Cost
<ul style="list-style-type: none"> <li>Develop a business plan</li> </ul>	(Leave blank for now)
<ul style="list-style-type: none"> <li>Write a development plan for website</li> </ul>	(Leave blank for now)
<ul style="list-style-type: none"> <li>Prepare presentations for potential customers</li> </ul>	(Leave blank for now)
<ul style="list-style-type: none"> <li>Identify potential investors</li> </ul>	(Leave blank for now)
<ul style="list-style-type: none"> <li>Bid on a web development project</li> </ul>	(Leave blank for now)
<ul style="list-style-type: none"> <li>Establish a clients’ Advisory Board</li> </ul>	(Leave blank for now)
<ul style="list-style-type: none"> <li>Find office space</li> </ul>	(Leave blank for now)
<ul style="list-style-type: none"> <li>Develop preliminary marketing material</li> </ul>	(Leave blank for now)

Process Validation



To validate this stage, ask yourself the following question:

- Did I list the activities in order of priority, so activities with the most importance appear first?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

**Cost**

The purpose of this function is to assign a cost factor to each activity. Remember that although you will be performing some of the activities by yourself, there is always a cost factor involved with time and resources.

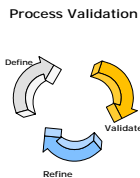
Estimating the cost of each of these activities is essential because you will need them later in the financial section. Keep in mind, when you develop your capitalization table (how much of the company each entity owns, you will have an opportunity to record your investment contributions made thus far.



*For each of the listed activities, indicate the approximate cost. Do so even for activities that you yourself are planning on doing, or those to be done by other partners and employees of the new enterprise.*



Category	Stage/Priority
Operational	A list
Technical	A list
Marketing	A list
Financial	A list
Technical	B list
Marketing	B list
Operational	C list
Marketing	C list



To validate this stage, ask yourself the following question:

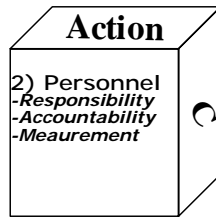
- Are the costs associated with each of the activities realistic and current?



Activity	Estimated Cost
Develop a business plan	\$3,000 (30 hours @\$100)
Write development plan for website	\$2,000 (20 hours @ \$100)
Prepare presentations to potential customers	\$2,500 (25 hours @ \$100)
Identify potential investors	\$5,000 (50 hours @ \$100)
Bid out web-development project	\$1,000 (10 hours @ \$100)
Establish a clients' Advisory Board	\$1,500 (15 hours @ \$100)
Find office space	\$1,000
Develop preliminary marketing material	\$1,500 (15 hours @ \$100)

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Personnel



Now that you've established and prioritized the activities that need to take place, it's time to assign specific personnel, accountability, and measurement tools to each one of those activities.

Establishing these elements and following up on them is critical to the success of your strategy and your enterprise. Remember that nothing will be done if no one is responsible—and if there is no clear accountability for each activity.

Furthermore, it is critical to establish a yardstick by which to measure each of the outlined activities. Without such a tool, you are in no position to determine whether an activity was accomplished. You need to define, for each activity, what constitutes successful completion of the task.

## **Responsibility**

When assigning personnel to each of the activities, keep in mind the following points:

- Discuss the scope of the activity with the designated person *before* the assignment.
- Make sure that the assigned person is qualified to perform the assigned task.
- Ensure that the responsible person has the appropriate background and knowledge in the area to which he or she is assigned.
- Do not overload any one person with too many tasks. Make sure that he or she will have the time and resources to be effective and comprehensive in their delivery.

Assigning personnel does not mean that all the activities are handled in-house. It simply means that if you are contracting some functions to outside vendors, you must have someone in-house who is responsible and accountable for the supervision and management of your contracted project.



*The following is a table for outlining your designated personnel in accordance to the list of activities and priorities that you defined earlier.*

<b>Activity</b>	<b>Responsibility</b>
<b>Develop a business plan</b>	John Smith
<b>Write development plan for website</b>	Mary Gold
<b>Prepare presentations to potential investors</b>	Dan Level
<b>Identify potential investors</b>	Linda Moran, XYZ founding company
<b>Bid out web-development project</b>	Mary Gold
<b>Establish a clients' Advisory Board</b>	John Smith
<b>Find office space</b>	Dan Level
<b>Develop preliminary marketing material</b>	Diane Bert, ABC Marketing company



To validate this stage, ask yourself the following questions:

- Have I discussed this activity with the assigned person?
- Is the assigned person qualified to perform this task?
- Did the assigned person indicate that he or she could perform this task by the due date?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

**Accountability**



*Assign specific instructions for what this person should be held accountable. If he or she needs to write a document, explain how. Also, you must include a deadline for each project. Do not be overly concerned with the dates, modify them later (if you find out that things are running late or ahead of your schedule).*



<b>Activity</b>	<b>Responsibility</b>
<b>Develop a business plan</b>	John Smith
<b>Write development plan for website</b>	Mary Gold
<b>Prepare presentations to potential investors</b>	Dan Level
<b>Identify potential investors</b>	Linda Moran, XYZ founding company
<b>Bid out web-development project</b>	Mary Gold
<b>Establish a clients' Advisory Board</b>	John Smith
<b>Find office space</b>	Dan Level
<b>Develop preliminary marketing material</b>	Diane Bert, ABC Marketing company

To validate this stage, ask yourself the following questions:

- Do I include specific accountability descriptions for each of the listed activities?
- Did I assign firm dates for completion of each activity?
- Do the assigned dates correspond to each other?



Accountability	Measurement
Complete writing the plan by June 31	(To be filled out later)
Complete development by June 20	
Complete first draft by June 10	
Prepare and present list of five primary investors	
Bid packages out by June 30	
Complete by June 5	
Obtain five options from real estate company	
Present three versions of marketing materials by June 30	

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

### **Measurement**

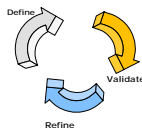


*Find a yardstick by which you can measure accomplished tasks. When listing measurement criteria, make sure they are the most appropriate ones to determine successful completion of each task.*



Activity	Responsibility
<b>Develop a business plan</b>	John Smith
<b>Write development plan for website</b>	Mary Gold
<b>Prepare presentations to potential investors</b>	Dan Level
<b>Identify potential investors</b>	Linda Moran, XYZ founding company
<b>Bid out Web development project</b>	Mary Gold
<b>Establish a clients' Advisory Board</b>	John Smith
<b>Find office space</b>	Dan Level
<b>Develop preliminary marketing material</b>	Diane Bert, ABC Marketing company

Process Validation



To validate this stage, ask yourself the following questions:

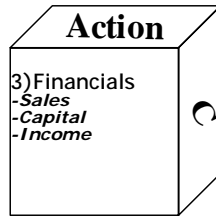
- Are the measurement criterion appropriate to each assigned task?
- If measuring criteria is an event, does it correspond with the due date for the task?



<b>Accountability</b>	<b>Measurement</b>
Complete writing the plan by June 31	Approval of plan by Board of Advisors
Complete development by June 20	Review and acceptance by web-development company
Complete first draft by June 10	Approval of draft by CEO and CFO
Prepare and present list of five primary investors	Review and approval by CEO and CFO
Bid packages out by June 30	Acceptance of bid by 50% of bidders
Complete by June 5	First Advisory board meeting on June 20
Obtain five options from real estate company	Approval by CEO and CFO
Present three versions of marketing materials by June 30	Approval by Board of Advisors

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

## Financials



In this section, the last part of the Action block, you need to provide the most relevant information pertaining to the fulfillment of your e-strategy.

The purpose of this section is to outline the three most important financial aspects of your enterprise: sales or revenues, capital needed, and your projected income.

It is important to keep in mind that these financial statements are not the only financial statements needed to develop your business plan—they are just the tip of your financial picture. Yet, with top-level strategic planning, you don't want to overwhelm yourself, or your audience, with mountains of financial data. Instead, provide your audience with a small snapshot of your financial outlook—just enough to show where you are going.

The other reason for putting together these basic financial statements for you to evaluate and validate the financial outlook and resources needed to fulfill your



plan. Up to this point, most of your strategic plan is based on qualitative data. Now is the time to move your plan into a quantitative environment.

There is a reason why the financial phase of this strategic plan comes at the end. First, you must have all the other information before you can fill out any of the financial reports. Second, this is the time to validate your entire plan by assigning specific figures to each of the outlined functions. This is also when you can see if your plan will produced the desired results.

### **Sales**



*Use your sales projection as the starting point for your financial statement. Remember, regardless of how brilliant your concept is, it must produce profit to be economically viable. It's OK to have a short period of time in which you operate at a loss— this is expected of any new business. But, the period in which you operate on capital should be minimal. The ultimate goal is to run your business from operating profit rather than capital.*

*When projecting sales, keep in mind that it is better to be conservative and realistic in terms of your future sales. There is no point overstating numbers to show better results—it always catches up with you in the end.*

*Think carefully about all the revenue streams outlined in your Mission block, and list the appropriate revenues for each. Don't be concerned with having correct figures for the third, fourth, or fifth years of your operations—these figures will be modified shortly after your business begins operating.*

### Five Year Sales Forecast

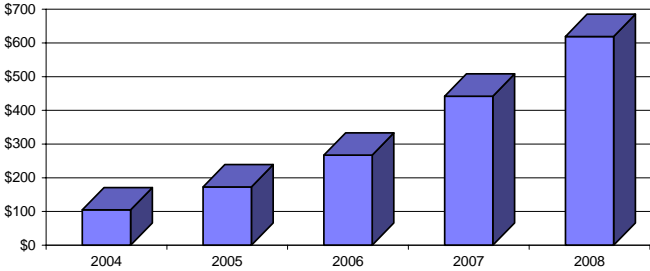
(all numbers in \$000) [\$USD (?)]

	2004	2005	2006	2007	2008
Commission on Sales	\$75	\$125	\$200	\$350	\$500
Database Marketing	15	25	34	50	65
Website Advertising	10	15	19	22	34
Other	5	8	14	20	20
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
	0	0	0	0	0
Total Sales	\$105	\$173	\$267	\$442	\$619



### Five Year Sales Forecast

(all numbers in \$000) [\$USD (?)]



To validate this stage, ask yourself the following questions:

- Did I list all the revenue streams outlined in the Mission block?
- Did I research the pricing levels of my competitors to establish a realistic and conservative forecast?
- Do the total sales figures fit with my expectations for this e-business?

If you answered no, please go back and revise. If you answered yes, continue to the next stage.



## **Capital**

Rarely does a business start generating operating profits on day one. Most of the time, a business needs some capital to sustain itself until it can cover operating costs from the revenue it produces. You need funds to sustain the business until it reaches a break-even point; these funds are called capital expenses.

There are three ways to obtain capital for your e-business. One way is to use your own funds, a second way is to borrow the funds, and the third is to exchange equity for funding. The third option is the most common way to obtain capital.

Regardless of your capital funding source, determine how much capital your business needs to cover your operating costs.



*Here are some issues that you must address when estimating the start-up capital you will need. Let's divide the issues into two major categories: monthly recurring expenses, and one-time expenses.*

*The monthly recurring expenses are those you must pay every month, such as rent and payroll. You will also need to estimate how long you should pay recurring expenses from capital, and how long until you can cover these expenses from operating revenues.*

*When filling out the recurring expenses, you need to multiply the monthly expense by the number of months you need to operate to break-even. Enter this figure in the “cash needed to start” column.*

*The second type of expenses are one-time expenses. These expenses occur only once, such as office fixtures. Here, too, you need to do some research to determine the cost of the fixtures and equipment, as well as the communication and other installations you’ll need to operate your e-business.*

*The start-up capital statement’s final figure is the total amount of capital you must raise to start your business. This includes how much you’ll need to reach the point at which you can cover your expenses with operating profit.*

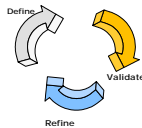


## Estimated Start-Up Capital

	Monthly Expenses	Cash Needed to Start	% of Total
<b>MONTHLY COSTS</b>			
Salary of Owner-Manager	\$3,000	\$9,000	2.6%
All Other Salaries and Wages	2,000	6,000	1.7%
Rent	500	1,500	0.4%
Advertising	500	6,000	1.7%
Delivery Expenses	250	750	0.2%
Supplies	1,250	15,000	4.4%
Telephone and Internet	750	2,250	0.7%
Other Utilities	300	900	0.3%
Insurance	250	3,000	0.9%
Taxes, Including Social Security	500	1,500	0.4%
Marketing and Promotion	300	900	0.3%
Maintenance	500	1,500	0.4%
Legal and Other Professional Fees	300	900	0.3%
Miscellaneous	500	1,500	0.4%
<b>Subtotal</b>		<b>\$50,700</b>	<b>15%</b>
<b>ONE-TIME COSTS</b>			
Fixtures and Equipment		\$65,000	18.9%
Decorating and Remodeling		15,000	4.4%
Installation Charges		5,000	1.5%
Website Design		35,000	10.2%
Website Development		150,000	43.6%
Legal and Other Professional Fees		1,000	0.3%
Licenses and permits		2,500	0.7%
Advertising and Promotion for Opening		10,000	2.9%
Cash		5,000	1.5%
Other		5,000	1.5%
<b>Subtotal</b>		<b>\$293,500</b>	<b>85%</b>
<b>TOTAL ESTIMATED START-UP CAPITAL</b>		<b>\$344,200</b>	



## Process Validation



To validate this stage, ask yourself the following questions:

- Did I include all the anticipated expenses and put them in the right categories?
- Did I allocate enough capital to sustain my business until it can cover operating costs from operation revenues?

**Income**

If you answered no, please go back and revise. If you answered yes, continue to the next stage.

The last, but not least, element of your financial section is the income statement. Or, the profit and loss statement (P&L). This statement is a combination of your sales forecast and your expenses—as outlined in your start-up capital statement.

It is important to remember that the income statement is an operational statement and should not reflect capital expenses. In other words, you should include only the expense lines that are reoccurring, and not one-time expenses such as equipment and so on. Also, keep in

mind that at this time your income statement is a projected statement and not an actual one. Later, once your business is up and running, you will need to revise your income statement with factual figures.

*Start by transferring your projected sales to the top line of the income statement. Then, enter the yearly expenses for each of the expense-line items. Most of these expenses are already outlined in your start-up capital statement. Don't forget to annualize your figures. Remember that your start-up capital figures are monthly, and the income statement figures are annually.*



When it comes to tax and depreciation issues, consult your tax advisor for the right percentages to use.



## Income Statement

For the Years 2004 through 2008  
(All figures in \$000)

<b>REVENUE</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Gross sales	\$105	\$173	\$267	\$442	\$619
Less Refunds and Cancellations	0	0	0	0	0
Net Sales	\$105	\$173	\$267	\$442	\$619
Gross Profit (Loss)	\$105	\$173	\$267	\$442	\$619
<b>OPERATING EXPENSES</b>					
Selling					
Salaries and Wages	\$30	\$30	\$32	\$32	\$34
Commissions	20	25	30	35	40
Advertising	6	7	8	7	6
Depreciation	8	7	6	5	4
Other	5	5	5	5	5
Total Selling Expenses	\$69	\$74	\$81	\$84	\$89
General/Administrative					
Salaries and Wages	\$20	\$25	\$30	\$40	\$50
Employee Benefits	3	4	5	6	7
Payroll Taxes	3	4	5	6	7
Insurance	4	4	4	4	4
Rent	6	6	6	7	7
Utilities	2	2	2	2	2
Depreciation & Amortization	5	5	5	5	5
Office Supplies	8	8	9	9	9
Travel & Entertainment	25	25	20	15	10
Postage	1	1	1	1	1
Equipment Maintenance & Rental	1	1	1	1	1
Interest	6	5	4	3	2
Furniture & Equipment	0	0	0	0	0
Total General/Administrative Expenses	\$84	\$90	\$92	\$99	\$105
Total Operating Expenses	\$153	\$164	\$173	\$183	\$194

To validate this stage, ask yourself the following questions:

- Do the sales and expense figures correspond to my estimated sales and expenses outlined on the sales forecast and start-up capital statement?
- Does the net profit fit my expectations, and does it provide enough operating profit to cover my expenses after I have used the capital funding?

If you answered no to any of these questions, please go back and make the necessary revisions.

If each of the answers are yes, ***congratulations!*** You have successfully completed the development of your valid e-strategy plan, and now you are ready to start its implementation.

***Good luck!***

P.S. We will gladly email to you the following Certificate of Achievement.. To receive your certificate, email to us at: [strategist@wizbizweb.com](mailto:strategist@wizbizweb.com).





# CERTIFICATE OF ACHIEVEMENT

*This certificate is awarded to*

Name \_\_\_\_\_



In recognition of a successful completion of an advanced training course in strategic planning for the connected economy. The recipient is now knowledgeable in and capable of developing valid strategic plans based on the Instant Strategist methodology.

Signature	Date
_____	_____
Name	Title
_____	_____



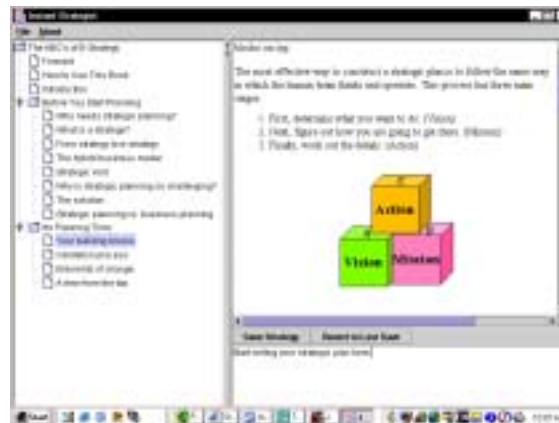
## Instant Strategist Software

Develop a winning strategy simply by following the interactive user interface of this strategic planning software.

Just enter your information into the template, and see your strategic plan developed instantly. The Instant Strategist™ software is based on the strategic planning guidebook.

The Instant Strategist™ software contains step-by-step instructions for constructing a winning strategic plan at a fraction of the time it would otherwise take. The user interface is easy to follow and will guide you through the process in a logical and systematic manner. You will have a valid strategic plan in just three easy steps:

1. **Review the introductory pages.**
2. **Enter your strategic plan information into the template.**
3. **Review and print your complete strategic plan.**



**Main Features**

- Simple and easy to use.
- Java-based application.
- Split-screen user interface for easy viewing.
- Menu bar on the screen.
- See sample text and graphs while you type
- Interactive validation process at each stage.
- Easy saving and modification features.
- Review, save, or email your complete strategic plan.



**How to Use This Software**

This guide is to show you how to develop a most cost-effective strategic plan. To do so, we have incorporated icons, graphs, and icons that illustrate the proper application of your strategic plan.

Please look to see the guide:

1. Start by reviewing the first chart to determine the nature of your strategic planning needs.
2. Select the data to be reported and the relative priority level.
3. Read the description for each of the related topics.
4. Look for examples of how to work your topic, indicated by the icon.

**Procedure instructions:**

1. Read and answer the related questions, indicated by the icon.
2. Complete all the related tasks, and make your final strategic plan.

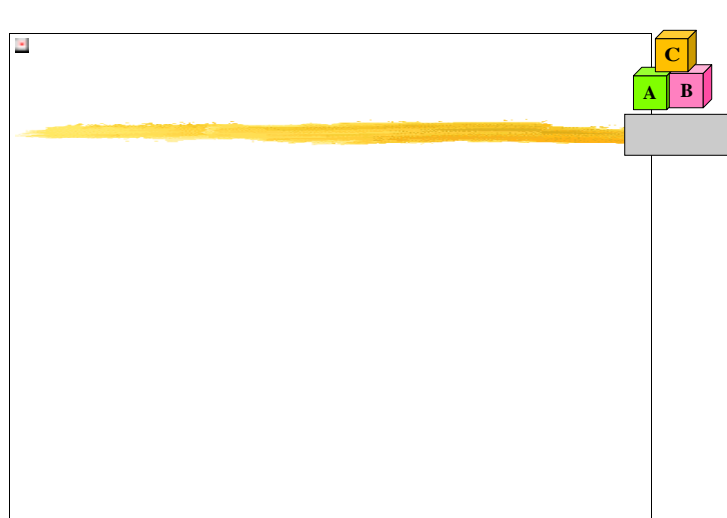
*Instant Strategist™*



Use this PowerPoint presentation to customize your own strategic plan presentation, or to make a presentation on the topic of strategic planning. In either case, you will save hours of preparation by using these preformatted slides.

### Main Features

- Over 160 PowerPoint slides.
- Includes illustrations, graphs and charts.
- Can be customized to your strategic plan.



# *Instant Strategist™*

## ***Video Presentation***

Professor Dan Geller in a full hour of discussion, explanation, and examples on the latest methodology for strategic planning in the new economy.

- Full hour of exciting presentation.
- See and hear useful information.
- Play it on your computer or TV

## ***Audio Seminar***

Professor Dan Geller in a full hour of discussion, explanation, and examples on the latest methodology for strategic planning in the new economy.

- Full hour of useful information.
- Hear it straight from the expert.
- Play on your desktop or laptop.



## Complete System

Accomplish your business-strategy objectives quickly and easily with a complete system that includes the following tools:

- Interactive, Java-based software.
- Complete PowerPoint Presentation (160 slides).
- A classic book with graphs and charts.
- eBook to read on your PC or laptop.
- A 60-minute audio seminar.
- An hour long video presentation.





## **Strategic Planning Training**

To compliment our strategic planning tools, we also offer a variety of strategic planning training to enhance your organizations' strategic plan for the connected economy.

### **Corporate Training**

Our customized corporate training offers companies and organizations increased profitability and performance by training executives and managers to develop successful strategic plans.

We will design a training program to focus on the specific issues relevant to your organization's success. The lengths of our training programs are flexible and may last from a four-hour session, to a two-day session



### Licensing Opportunity

We offer you a unique licensing business opportunity in which you have full control over your earning power, your schedule, and your own success.

When you join us as a licensee, we will provide you with all the tools, resources, knowledge, and training to become a leading *Instant Strategist™* Specialist. With our turn key operation, you will be ready in a very short time to start offering your current and new clients the opportunity to improve the performance of their business, or in some cases, save their businesses from failure. Just think of all the benefits you can gain from this business opportunity:

- An established, proven, and tested system.
- A huge and renewable market.
- Control your own earning power.
- Control your own work schedule.
- Satisfaction from positive results.
- Full support, training, and assistance from us.

Becoming an *Instant Strategist™* Specialist is quick and easy. We will provide you with all the necessary resources and information you need to start your strategy consulting and training practice. With the support and guidance that we provide you, you can start small-business consulting and management training practice in a matter of days.





Here is a partial list of the resources and services that you will receive from us when you take advantage of this business opportunity:

- An intensive training program (online, no need to travel).
- A starting inventory of our strategic planning too
- Marketing and sales materials and support.
- A list of prospects in your area
- Additional consulting and training tools at wholesale prices.
- On-going marketing and advertising support.



### **Strategize or Eulogize**

Only one out of five small-business owners practices any type of business planning regularly despite mounting evidence of the link between strategic or business planning and business success and between lack of planning and business failure.

Scientific studies in the field of small-business success have demonstrated a strong relationship between business planning and the prospects for business success. Moreover, studies have shown that practicing strategic planning, which is the highest level of business planning, can have an even greater impact on the financial performance of small businesses. Yet, despite mounting evidence of the benefits of strategic and business planning, only one out of five (19%) small-business owners practices business planning on a regular basis.

In a three-year study (Gibson 2000) conducted with 6,400 small businesses, the researcher found that only 19% of small-business owners practice business planning on a regular basis. This study, which was conducted with small businesses in Australia, also found that about half (49%) of the businesses are not engaged in any type of business planning,

In another study of 1,004 small businesses in Canada (Orser 2000) the researcher concluded that the presence of a business plan is highly correlated with the performance of the business, and contributes to the growth of the firm. Similarly, a study of 152 small businesses in the US, (Perry 2001) found "Strong indications



that planning does make a difference and can reduce the probability of firm failure.”

To make it simpler and easier for small business owners to choose the right type of planning for their businesses, researchers have studied the impact of three levels of planning on the performance of companies. A study by Bracker (1986) examined three levels of planning: 1) Strategic Planning – long-range plans (3-15 years) focused on the direction of the company, 2) Operational Plans – mid-range plans (one year) focused on budgetary and activity issues, and 3) Initiative Plans –short-term and informal plans that are based mostly on the intuition of the small-business owner. The conclusion of this study was that “Firms that conformed to strategic planning categorization outperformed all other planning categorization with regard to overall financial performance.”

These findings may provide an explanation for the grim statistics on small-business failure in the US. According to the Small Business Administration (Office of Advocacy 2004), there were 589,837 small-business terminations in 2003. This figure includes 35,037 bankruptcies and 554,800 small-business failures. So why do most small-businesses owners choose not to plan even though it is well documented that business planning in general, and strategic planning in particular, can increase their odds of business success? This is a question that every current and future small-business owner should reflect on. Regardless of the answer, the reality of small-business success remains the same – **strategize or eulogize.**



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### About the Author

Dr. Dan Geller is a business strategist specializing in business-strategy formulation for small and micro-companies. He is the founder and president of *Instant Strategist*, a strategic planning training and counseling company based in San Rafael, California. In his capacity as speaker and counselor, Dr. Geller has helped hundreds of business people develop a valid strategy for their new or existing businesses.



Realizing that most small-business owners do not have or, are not engage in any type of formalized planning, Dr. Geller has devoted about five years to researching this topic, and to formulating a strategic planning methodology that allows small-business owners to develop a quick and easy strategy for their business.

Dr. Geller is also a business counselor with the Small Business Development Center (SBDC), where he helps small-business owners with their business-strategy needs and other planning issues. In addition, Dr. Geller conducts strategic planning workshops for clients of the SBDC.

Prior to launching *Instant Strategist*, Dr. Geller was a Vice President with ITT Sheraton worldwide. In this capacity, Dan developed and implemented a strategic plan that increased the company's revenues of its corporate market by a double-digit figure year over year.

Dr. Geller is a frequent speaker on the topic of strategic planning, and has appeared on national shows such as *World Business Review* hosted by Casper Weinberger.