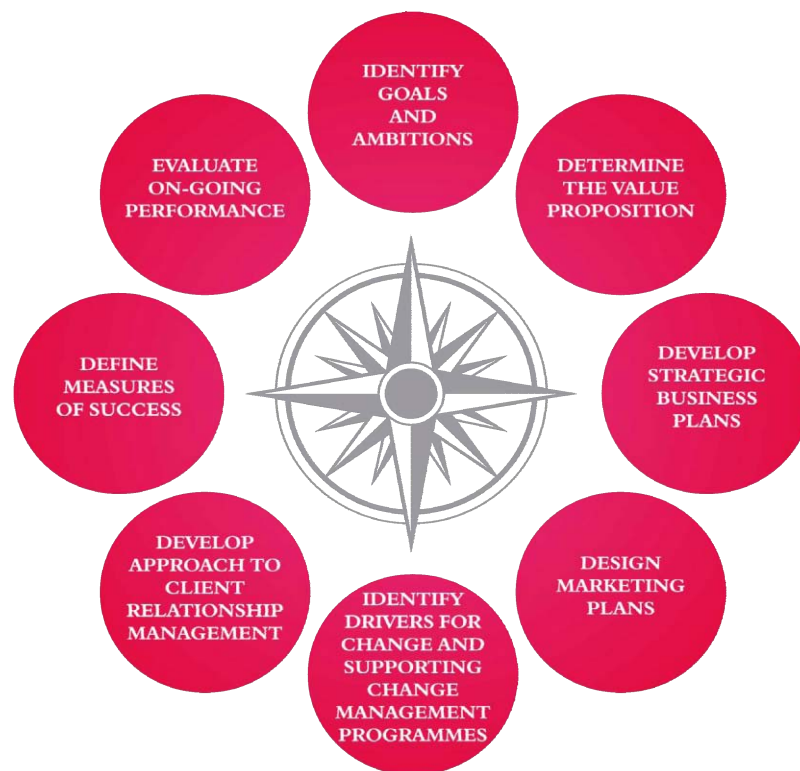


DEVELOPING A STRATEGIC BUSINESS PLAN

In the third of his series of articles, David Cox, MD of Suuqea, a consultancy advising intermediaries, looks at why developing a strategic business plan is essential in giving your business a competitive advantage over the competition and is an important step in becoming a “modern IFA”.



When considering the development of your strategic business plan it is important to distinguish this from your company’s annual budget. This budget helps you monitor your income and expenditure against your expectations. It tells you whether you are ahead, behind or on track to make the profit you expected.

The strategic business plan defines how you will utilise the resources available to you to achieve your long term goals and ambitions. However, it is also where you go to look for activities you can improve on if the annual budget tells you the expected profit is behind expectations or where you find the activities that have worked particularly well. The plan thus enables you to build on that success in the future and develop a sustainable competitive advantage over the competition.

I am sure that for some readers all of this sounds like hard work and is a long way from why you started you own business in the first place. It may also bear no resemblance to how you have made your business what it is today. All of that may well be true but, in making the changes to become a modern IFA, it is important to understand that the future success of your business will come from a competitive advantage built on a unique blend of the following components.

- **The resources in your business** – these will break down into three areas:
 - **Tangible assets** – current sales levels, associations with introducers, existing customers, cash in the bank
 - **Intangible assets** – the reputation of your business, its distinctive features e.g specialism's like pensions, ethical investments etc, awards you have won, your customers perception of you and their likelihood to act as an advocate for your business
 - **You and your staff** – qualifications, motivation & satisfaction levels

- **What you do with these resources** – including:
 - How you structure your businesses activities – compliance, marketing, advice & sales, administration
 - How you manage your staff – to develop their skills and knowledge and increase the likelihood of them going above and beyond the call of duty
 - The use of the technology available to you – a client database, the internet, WRAPS
 - When to bring in outside help where you do not have the knowledge and skill to maximise the value of your resources – business consultants, compliance consultants

- **The relationships that you have** – how you develop the relationships with the people who influence your business is a critical part of your strategic business plan. This is because each in their own way has the ability to make decisions that can affect the success of your business. To develop a culture of fairness you will need to consider your approach to stakeholders like:
 - Your family
 - Your clients
 - Your staff
 - Your banker
 - Your professional advisers
 - A network
 - The FSA

To ensure your strategic business plan delivers the competitive advantage you need to compete successfully and maximise the profit of your business, you also need to ensure that you understand:

- Who your target clients are – this could be something as simple as members at the local golf club or more scientific using data that is available on things like socio-economic groups
- What these clients want – is face to face advice important to them, do they want holistic advice or advice focussed in specific areas, how involved do they want the relationship to be with their financial adviser, etc?

When you bring all of this together you will see the recipe for success. However, it is very important to avoid complacency. The financial services marketplace changes very quickly and if you do not remain vigilant, keep an eye on what is happening and develop your strategic business plan accordingly, it will become outdated. If you allow this to happen, your competitors will gain a competitive advantage over you and put the future success of your business at risk.

In the fourth article of this series, David Cox will look at the importance of developing a Marketing Plan for your business.