

Steps that rescued a failing business

An effective strategic plan can help put a business back on track, explains

Michael Sherlock.

When Brumby's Bakery hit bottom in 2003, capitalisation had halved to less than \$6 million and the brand was in the media for all the wrong reasons. Customers and franchisees were losing faith.

The company needed a roadmap – a five-year strategic business plan to set a direction on where it wanted to be and how it was going to get there.

Running a business is like driving a car. While the focus is on the destination there are milestones along the way and to successfully complete your journey you need to be in the here and now, paying close attention to traffic conditions and real time feedback you receive from gauges on your car's dashboard.

You also can't drive a car by looking mainly in the rear vision mirror. So if you run your business solely on rear vision information such as the profit and loss statement and balance sheet you will find it's all historic data and actions you take based on that data are likely to be at least a month out of date.

You need to know your business success indicators and critical numbers so you can measure and monitor them in real time to ensure you are always aware of how your business is performing.

The gauges on your dashboard are the key performance indicators you can monitor hourly and daily and will have the greatest impact on the performance on your business.

Decide what you can measure and report on a scoreboard so your team can focus on and have accountability for achieving goals.

You can develop a dashboard yourself but better still you can get help from software firms to design your e-dashboard so you can leverage technology for instant updates on iphones. Having a dashboard is a critical piece of a holistic business model. The steps in our business model were:

Planning – Envision where you ideally want to be in the medium to longer-term and set targets for the next three to five years, one year and next quarter. I recommend you

use an experienced external facilitator to guide your thinking and strengthen objectivity.

Research – Do your external research to find out what your customers think about your business and what's happening in your marketplace. Prepare a research brief that clearly outlines what information or outcomes you want and engage top consultants.

Strategy – Use the research to set the outcomes you want and develop simple, effective strategies and action plans to achieve outcomes.

Structure – Devise a structure that suits effective responsibilities, accountabilities and communications for your team.

People – Recruit, motivate and reward team members who have an "owner's eye", thrive in your culture, work hard and follow your systems to achieve desired results. Hold your team to account through effective, regular meetings.

Systems – Develop systems and manuals for all aspects of your business and operation so that if any team member leaves or is unavailable all the experience and best practice is available for the next person to follow so that everyone doesn't have to learn from mistakes made over and over again.

Customers – Understand what your customers need and how you will deliver to exceed their expectations. Also understand your competitive advantage and how you will drive that home.

Results – Record and measure results and share the scoreboard on a dashboard with all your team on a regular basis – you are only as good as your last result so don't bask too long in your successes – get back into further research to drive even better outcomes.

So if you want your business to succeed you not only need to develop a plan, but you also need to make it a living document and execute well by drawing on the talents of your team.

Following the implementation of this model, Brumby's Bakery's market capitalisation rose from \$6 million to \$46 million in 3½ years.

■ *Michael Sherlock is the former chief executive of Brumby's Bakery's and co-author of Jumpshift!*