



# What's Your Situation? Elements of Good Business Planning

By Bruce McConnell

When it comes to business planning, much effort is often devoted to sales goals and related financial issues. Of course, these are key elements in any well-documented plan, but they also need to be supported by a solid understanding of the business's situation in the marketplace.

## The Situation Analysis

The situation analysis is a simple part of the planning process that helps you focus your energies on the elements of your business that are critical to executing your plan. This analysis should be conducted in the early stages of planning to assure that your assumptions and expected results are realistic.

The situation analysis is composed of two elements: the internal review of your company

and the external review of your competitors. These help you better understand the playing field on which you operate, and they make sure your business plan and objectives are tailored to your situation.

## Company Situation (Internal)

A review and analysis of the company's internal situation should include:

- Customers, Sales Mix, and Market Share
- Sales History and Growth Trends by Segment
- Pricing, Cost, and Profit Strategies
- Equipment and Personnel Needs
- Strengths, Weaknesses, Opportunities, and Threats

This sounds like a lot of work, but it can be done in an hour or two. The time required

depends on how much you know about these details and how much time you want to devote to the process.

## For Example

During a company-wide 2014 sales growth and planning session, one door company determined that if the sales objectives were actually met, the company would not have the manpower needed to install or service the increase. This meant that the sales goal was not realistic unless the manpower issue was resolved.

## Solution/Strategy

Even though the manpower was adequate at the time of planning, management decided not to risk being caught short-handed during the fall busy season. The company started looking

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*“Just taking the time to conduct a more thorough evaluation can provide you with a great deal of comfort and the knowledge to make your business planning more meaningful and productive.”*

to hire another one or two installers so that they were in place and being trained by early summer.

### **Competitor Situation (External)**

To further strengthen your plan's validity, analyze the situations of your key competitors. This will help you better define the differences between you and your competition and help you develop strategies to compete more effectively in your market.

A competitor situation analysis should include:

- Competitor Identification and Rating
- Estimate of Customers, Sales Mix, and Market Share
- Estimate of Sales History and Growth Trends by Segment
- Products and Pricing Strategies

- Advantages and Disadvantages Over Your Company
- Strengths, Weaknesses, Opportunities, and Threats

As with the internal situation analysis, this doesn't need to be a time-consuming task. You may already know most of these details, but it's helpful to get them down in print.

### **For Example**

When reviewing this year's commercial service levels, one of my clients noticed a considerable reduction in activity with several large accounts. Further investigation revealed that a competitor had recently been actively calling on these accounts, which resulted in my client's loss of the valued preventive maintenance business.

### **Solution/Strategy**

The recent active selling to my client's commercial customers was quickly identified as this competitor's strength, which called for a response from my client. As a result, the service manager and the commercial sales rep immediately put together a comprehensive customer contact program to effectively combat the situation. The annual plan was also revised to include a realistic growth target for commercial service that would likely be achieved with this effort.

Knowing your internal or external situation does not always require any action or change. Just taking the time to conduct a more thorough evaluation can provide you with a great deal of comfort and the knowledge to make your business planning more meaningful and productive. ■

*Bruce McConnell, a financial and business coach for door dealers, has coached hundreds of door and access systems dealers since 1992. At Expo 2015 in April, he will co-present a seminar on "Business Planning Basics." He can be reached at [www.mcconnell-associates.com](http://www.mcconnell-associates.com) or [bhmcconnell@gmail.com](mailto:bhmcconnell@gmail.com).*

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