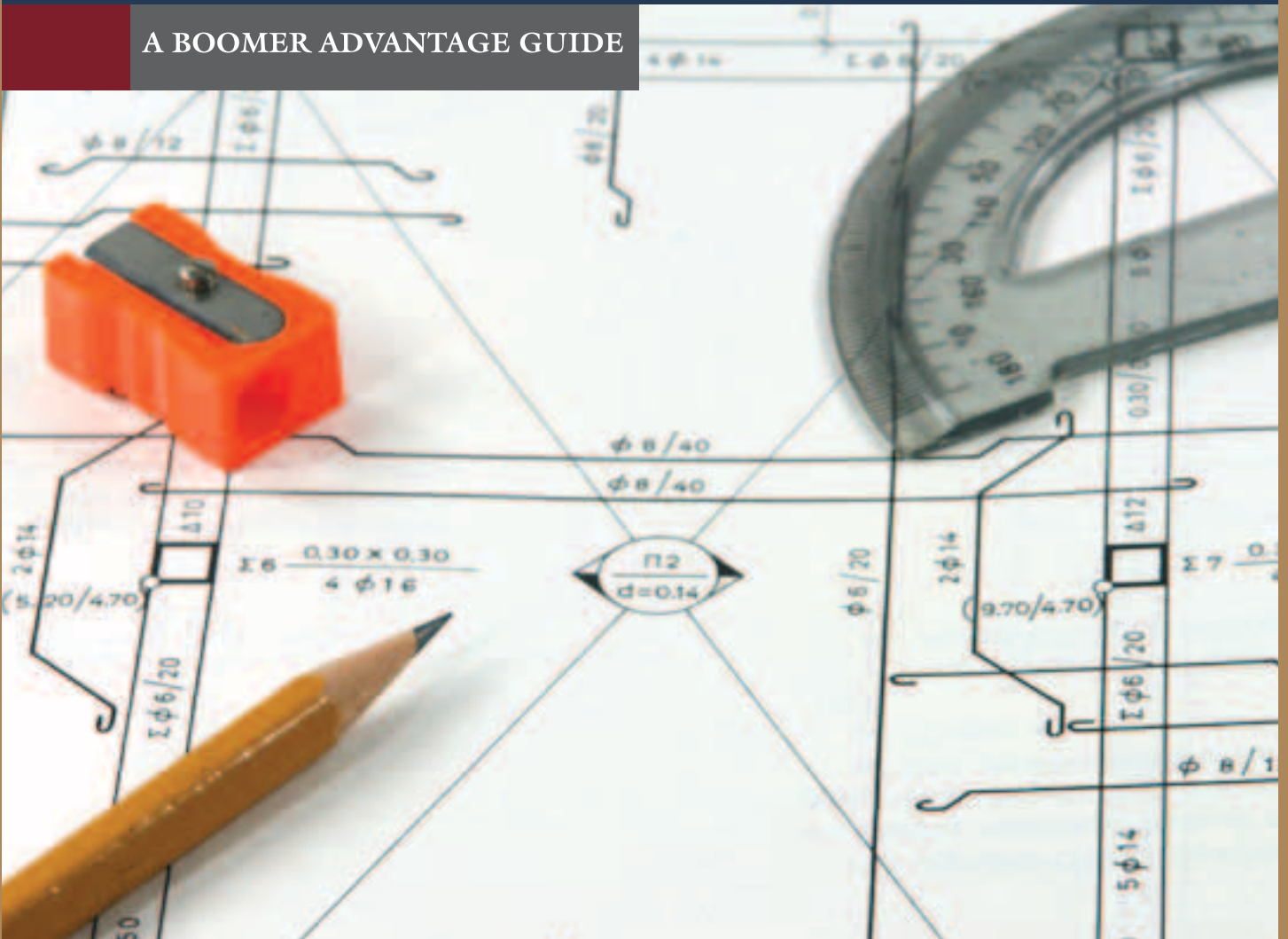


GUIDE TO STRATEGIC PLANNING FOR SMALL FIRMS

A BOOMER ADVANTAGE GUIDE



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Preface

Strategic Planning is an essential process for growth and sustainability. Boomer Consulting, Inc. has worked with firms of all sizes on this important initiative and has established a proven process. Using it as a road map, hundreds of firms have achieved growth they never thought imaginable. The Guide to Strategic Planning for Small Firms defines this process using easy-to-understand steps that will get your firm up and running with a strategy for next year and beyond.

Process

We recommend that you download and save the PDF file to your desktop and open it separately in Adobe Reader. This guide should be used by the firm and session facilitator to prepare for the planning session and by all participants during the session.

We also suggest that you print out a copy of all worksheets for each participant.

Watch the short video introduction for each section before any reading. (Each video's title corresponds to sections within the guide.) Also watch the video introductions to each exercise before filling out the worksheet. Note that some sections include more than one video.

Once each step is complete, your firm will have a fully functional Strategic Plan, along with individual planning tools to ensure a successful campaign in the coming year!





Process Outline

Session 1		Estimated Time (Hours)
Step 1	Introduction to Strategic Planning	1.00
Step 2	Documenting Your Firm's D.O.S.	0.75
Step 3	Growth Models	0.75
Step 4	Vision, Mission & Core Values	1.00
Step 5	Strategic Objectives	1.00
Step 6	Measurements, Initiatives, Due Dates & Assignments	1.25
Step 7	Documenting the Plan	0.50
Step 8	The 90 Day Game Plan	0.75
Total Estimated Hours with breaks		7.00 – 8.00
Future Sessions		
Step 9	Individual Accountability Review	In 90 Days
Step 10	Annual Update	In 1 year





Step 1: Introduction to Strategic Planning

Play “Step 1 - Introduction” Video (15 minutes)

Strategic planning is rarely completed in most professional service firms. It requires time for consensus building, and planning documents often go unread and unused; as a result, many professionals feel strategic planning is a waste of time.

In the accounting profession, many firms consist of little more than several sole proprietors, sharing overhead but not the same vision. Strategic planning brings key people together in order to build something far greater than they can as individuals. This guide is for small to medium-sized firms that want to save time, ensure results, and hold themselves accountable in order to achieve goals and objectives. Our approach is about progress, not perfection!

Each section is organized for a quick read and allows you to enter data, information and assumptions about your firm. In the process, you will build consensus, document the firm’s vision statement, mission statement, core values and strategic initiatives.

The core planning document, a one-page laminated Strategic Game Plan, will help your firm quickly communicate with clients, owners, staff and business partners. It is much easier to maintain than traditional 20-100 page planning documents.

Involving people in the process requires time and attention. While some may claim they don’t care, they really do care and will be more committed to the outcome if they are involved from the beginning. Include these people in one or more sessions to gain their buy-in as well as their opinions.





Why should accounting firms take the time to plan?

Planning ensures that the following are in alignment:

- Focus
- Consensus
- Accountability
- Resources

The answers are simple, but sometime overlooked in the quest for the almighty charge hour. Ask yourself the following questions:

- Do the owners in your firm know where they are going and how they are going to get there?
- Do your employees and clients understand the firm's vision, mission statement and core values?
- Does everyone know what is expected of him or her?

What your firm and its members learn from the planning process may be unpleasant, but remember that all progress starts with the truth! Involve as many people as possible. The return on investment during the execution of the plan will be several times the investment in time up front.

Pre Planning Checklist

Dates? Firms find it beneficial to break the meeting into two, ½ day sessions. This schedule provides time for review and reflection. Keep the process moving and complete the plan immediately. The process will create enthusiasm and excitement if finished with haste and shared with everyone in the firm.

Location? Hold the meeting away from your office without cell phones.





Who is responsible for the planning and logistics?

Who will facilitate the meeting? This may be an internal or external facilitator whose primary responsibilities are to keep the group thinking strategically and stay on time. It is natural to think tactically, but keep the thinking on strategic matters. The meetings are about the future of the firm.

Utilizing a facilitator who acts as an external party is essential to this process!

Who should attend? Everyone should participate. We highly recommend that all owners, managers and staff be involved in the planning process. This will insure buy-in and improve the quality of the plan. If partners are not aligned, it may be necessary to have a preliminary meeting with outside counsel.

You will need the following at the meeting site:

- Internet connection
- Flip chart with markers
- Computer and projector
- Notepads and pencils
- Download and make copies of each form and guide for each participant.

The process is designed to complete you firm's strategic plan within 7-8 hours, but you must stay focused and on schedule.





About the Boomer Planning System

The Boomer Planning System has been used in literally thousands of firms. It is easy to understand, efficient and builds consensus. The result of the process is a One Page Plan that specifies initiatives, tasks, assignments and due dates. (*Review the attached sample at the end of this guide for a sample.*)

The individual 90 Day Game Plan and Accountability Review ensure that individuals are following through with initiatives that support the One Page Plan.

The Challenge represents where you are today while Results are indicative of where the firm wants to be. We will plan for Results via the following five initiatives:

- Formalize Objectives
- Outline Obstacles
- Create Strategies
- Understand D.O.S.
- Specify Measurements





Getting Started

Make sure you have the following in place:

- Schedule the date(s)
- Schedule a facility
- Identify a facilitator (internal or external)
- Prepare an agenda (follow the outline on page two)
- Communicate the process and expectations to all participants ahead of time by distributing this guide
- Facilitator should review videos and guide prior to session

Exercise One: Accomplishments (approximately 20 minutes total)

Play: “Step 1 - Exercise 1” video (1 minute)

- Each participant should consider the past year and write down at least five of the firm’s major accomplishments on a sheet of note paper.
- The facilitator should ask each participant what he or she wrote and list them on a flip chart.
- At the end, review all of the accomplishments and ask participants to describe how they feel about the past year’s accomplishments.





Exercise Two: Perception Survey (approximately 10 minutes to complete the survey)

Play: “Step 1 - Exercise 2 - Perception Survey” video (1 minute)

Print the Perception Survey attached with this document and distribute to participants for completion. Indicate how much you agree with each statement on a scale of 1-10 (with 10 indicating a very high level of agreement). Answer honestly based on your perception.

The facilitator should quickly calculate results for the firm.

Play: “Step 1 - Summary” video (4.5 minutes)

This video discusses each of the ten questions included in the Perception Survey.





Step 2: Documenting Your Firm's Dangers, Opportunities and Strengths (D.O.S.)

Play: "Step 2 - DOS" video (2.5 minutes)

Since all progress starts with the truth, it is critical to be brutally honest about where the firm is today and where it wants to be in the future. Consider the R-Factor Question (or Relationship Factor Question)—“If we meet again three years from today, what has to happen personally and professionally for you to be satisfied with the progress?” A good answer requires serious thought, honesty and a clearly articulated statement.

Most people try to focus on the present, and the problem is that the present does not last. The choice is to either focus on the future or the past. You must focus on the future if you want to see progress.

Dangers are often associated with the fear of losing money, health, clients or relationships. Opportunities are driven by clients and the market. Strengths are found in the firm's processes and relationships. Think about what both of these are saying, and build on your firm's strengths rather than focusing on its weaknesses.

Don't forget that opportunities result from fostering relationships, creative planning and visionary leadership. (Don't be surprised if you discover that new opportunities are not associated with financial statements and tax returns.)

Complete the following forms by listing all of your firm's Dangers, Opportunities and Strengths as quickly as possible. After you have listed each, cite the reason(s) for each. Then, as the final step in the exercise, list your top three in each category. This will require some thought, communication and consensus building.





Exercise Three (a): D.O.S. (5-10 minutes)

Print as many copies of the D.O.S. Worksheet as needed. Break into groups of 2-3 people and list all of the dangers of the firm that come to mind. Select a note taker to capture the group's answers. Each group should narrow their lists down to three. Reconvene as a whole and build consensus among the various ideas. Your strategic plan will focus on the results of this exercise.

Dangers:

The loss of something
The lack of something
A risk

- Internal
- External

Exercise Three (b): D.O.S. (5-10 minutes)

Play: "Step 2 - Opportunities" video (1 minute)

In the same small groups, list all the opportunities that come to mind. Rotate the note-taking responsibility. Each group should again narrow their lists down to three.

Opportunities:

Growth
Improvement
Market
Future-oriented (1-3 years)





Exercise Three (c): D.O.S. (5-10 minutes)

Play: “Step 2 - Strengths” video (1.5 minutes)

The last part of this exercise is to list the strengths you feel the firm has. Identify a note-taker and again narrow the group’s list down to three.

Strengths:

What are you good at?

What are your unique abilities?

How are you perceived?





Step 3: Growth Models

Play: “Step 3 - Growth Part I” video (5 minutes)

Rapidly growing firms have a different attitude toward growth than those that remain stagnant. What are the reasons and differences? The ten times growth model forces you to benchmark where your firm is today and what it might look like if it were ten times as large as it is today. Meaning comes from growth.

Exercise Four: 10x Growth Model (approximately 10 minutes)

Individuals should complete the 10x Growth Exercise worksheet. We will discuss lessons learned in the next video.

Play: “Step 3 - Growth Part II” video (8 minutes)

A Few Lessons

Hopefully you learned the following lessons from this exercise:

- *The firm and I need to act as though we are ten times larger even though we may only grow at the same rate we have over the past three years.*
- *I personally am responsible for the firm’s growth.*
- *The alternative to growth is negative, especially its affect on owner income. (See next exercise if you have not already learned this important lesson.)*
- *We need to complete a strategic plan as soon as possible.*
- *It is important that everyone in the firm embraces the strategic plan.*





The Upside-Down Budget

Play: “Step 3 - Upside Down Budget” video (7 minutes)

The Up-Side-Down Model has five primary functions:

- Demonstrate the firm’s current performance, including revenue per full-time equivalent
- Document the firm’s assumptions for growth and staffing
- Define the impact of no-growth on owner income
- Demonstrate staffing and partner requirements based upon growth strategies
- Increase the firm’s confidence in reaching its goals

The Up-Side-Down Budget is so named because most accountants budget for what is left after expenses (Net Income Before Partners Salaries). This model, however, asks for desired owner income and then projects the necessary revenue.

Begin by entering the information on Tab 1. Then proceed to the No-Growth Model. While most owners realize the firm can not stay the same and continue to grow owner income, the No Growth Model demonstrates this explicitly with the firm’s current numbers. It is also helpful to review what the firm’s growth rate has been over the past three years.

Tab 2 illustrates net revenue, overhead (including labor) and net income before partner salaries based upon the indicated assumptions. The model is powerful because it is simple and strategic.

Too often owners get caught up in line item expenses (complexity) and fail to see the economics of the big picture. Determining the required number of full-time equivalents as well as the number of partners should focus owners on the important issues of planning, people and processes.





Technology is the accelerator that enables firms to produce higher revenue per FTE. All progress starts with the truth.

The model also demonstrates that what has made the firm successful in the past won't necessarily get it to the next level (with respect to people, clients, processes and technology).

Sample Upside-Down Budget

Annual Rate of Growth		12.0%		
NIBPS		40%		
Rate of Growth \$ per FTE		4%		
	Current	2007	2008	2009
NIBPS	\$492,000	\$551,040	\$617,165	\$691,225
Average	\$246,000	\$275,520	\$308,582	\$230,408
Expenses	\$738,000	\$826,560	\$925,747	\$1,036,837
Revenue	\$1,230,000	\$1,377,600	\$1,542,912	\$1,728,061
Rate increase	5%	\$61,500		
New Business	7%	\$86,100		
		\$147,600		
Revenue /FTE	\$130,931	\$136,169	\$141,615	\$147,280
RTE Required	9	10	11	12





Exercise Five: Your Growth Model (approximately 15 minutes)

The facilitator should prepare participants for this exercise by collecting actual figures and suggested projections required to complete the Upside Down Budget tab.

As a group, complete the Upside Down Budget and No Growth Model by discussing and entering your figures into the Excel file attached with this document.

Afterwards, complete the Growth Model worksheet by following instructions in that document.





Step 4: Vision, Mission and Core Values

Play: “Step 4 - Vision” video (6 minutes)

Your firm’s Strategic Plan is the road map for reaching its highest potential. It is a comprehensive document of the firm’s vision, mission, core values, strategic objectives, strategies and an action plan with responsible agents and due dates.

The biggest mistake most firms make is to focus too few resources on too many initiatives. The Strategic Plan empowers the firm to focus its capital and personnel on priority opportunities.

Your Strategic Plan should:

- Serve as a guideline for actions and decisions.
- Communicate, inform, motivate and involve others.
- Assist in benchmarking and monitoring performance.
- Stimulate change and future focus.

A one-page document is significantly easier to communicate to internal and external stakeholders. As such, this format is required.

Vision Statement

The vision statement for your firm should capture its purpose and values as well as control the firm’s destiny. What do you want your firm to look like in one, three, five, ten and twenty years? A common vision defines the benefits clients, employees and owners can expect from the firm.

The development of a vision statement is dependent upon a clear understanding of the firm’s dangers, opportunities, and strengths (D.O.S.) and knowledge of competitive activities within the industry.





The trend today is to make your vision statement as clear and concise as possible. This makes it much easier for employees to remember and communicate consistently.

Sample Vision Statement

Jones & Company, LLP will be the major firm in the Kansas City region offering quality services to small and medium-sized businesses and their owners. We intend to accomplish this by:

- *Creating value for our clients through leadership, relationships and creativity.*
- *Offering training and learning experiences for all employees.*
- *Dealing only with clients we respect.*

Abbreviated Sample Vision Statement

Jones & Company, LLP will be the major firm in the Kansas City region offering quality service to small and medium businesses and their owners.





Mission Statement

A mission statement is a written statement of purpose or what your firm does to exist. It should inspire commitment to the firm's vision. It serves as a vehicle to coordinate actions and efforts. The trend today is to make your mission statement as clear and concise as possible. This makes it much easier for employees to remember and communicate consistently.

Sample Mission Statement

Jones & Company, LLP is dedicated to implementing strategies that enhance the well being of our people and the clients we serve. This is our philosophy:

- *Our firm provides quality service in a timely manner.*
- *Our firm offers services to growth-oriented clients who possess a high level of integrity.*
- *Our firm assists clients in reaching their maximum potential by open communications and teamwork.*
- *Our firm requires all employees to achieve and maintain a high level of competence through learning opportunities.*
- *Our firm encourages involvement in civic, community and professional organizations by partners and staff.*
- *Our firm will grow but never lose its local identity and personal relationships with the clients who are the foundation of its practice.*

Abbreviated Sample Mission Statement

Jones & Company, LLP is dedicated to implementing strategies that enhance the well being of our people and the clients we serve.





Core Values

Core values are those principles by which the firm will conduct business. They are things in which you believe.

Sample Core Values

- *Client Relationships*
- *Integrity and honesty*
- *Preparedness*
- *Personal development*
- *Respect and teamwork*
- *Accountability/Responsibility*

Exercise Six: Your Firm's Vision Statement, Mission Statement and Core Values (approximately 40-50 minutes)

As a group, capture your firm's Vision Statement, Mission Statement and finally your firm's Core Values on the blank One Page Plan attached with this document. A certain level of consensus is suggested. However, these items can be tweaked, as necessary, at the end of the strategic planning process.





Step 5: Strategic Objectives

Play: “Step 5 - Strategic Objectives” video (4 minutes)

Strategic Objectives can be defined as what we need to do to put our game plan into action. Consider these as:

- Broad-based
- Should endure overtime
- Align with Vision, Mission and Core Values

There are no five things a firm can measure and improve automatically as a result. There are too many variables for one set of measurements to work across the profession. Measurement priorities should be determined by your strategic priorities. A few common examples of Strategic Objectives and the resulting measurements follow:

Increased revenues & profits

Revenue per full-time equivalent (total hours/2,080=FTEs)

This allows you to measure required “head count” as well as benchmark revenues for future improvement.

Client retention

Client filtering system, surveys and financial results

You need a formal and consistent system for measuring clients and filtering out the bottom 10-20 percent. Doing so will improve your retention rate for the firm’s most desired clients and employees.





Employee retention

Training programs, remote access & flextime

A training curriculum and learning environment are critical elements in attracting and retaining employees. Measuring attendance at training events, noting accomplishments and encouraging advancement are all important. Permitting employees to work from home and during flexible hours are also important strategies.

New services

Marketing plan and financial results

Measure the number of qualified clients/prospects contacted, track referrals and new revenues.

Sample Strategic Objectives:

- Enhance the success of the firm and its employees
- Improve the firm's succession and retirement plans
- Develop and maintain the firm's technology in order to provide a strategic advantage
- Implement a firm learning/training program in order to hire and retain quality personnel
- Enhance the one-firm concept and develop a firm culture based upon teamwork





Exercise Seven: Strategic Objectives (approximately 40-50 minutes)

As a group, discuss possible Strategic Objectives and narrow the list down to five or fewer. Then, indicate your firm's Strategic Objectives on the blank One Page Plan attached with this document. Wait to complete the Measurement, Strategy/ Initiative, Due Date and Assigned To columns until Step 6 of this overall process.





Step 6: Measurements, Initiatives, Due Dates and Assignments

Play: "Step 6 - Measurements" video (2.5 minutes)

Measurements

Measurements must be:

- Accurate
- Objective
- Easily communicated and understood
- Timely

Keep measurements simple so everyone can quickly understand them. Gathering measurements and doing nothing will only cause frustration; therefore, it is imperative that a firm's leadership makes decisions and takes action.

Note that measurement is ultimately about management, not accounting. Many firms still focus on charge hours and realization. By doing so, they force staff into reducing the number of hours they can charge to clients. According to statistics accumulated among member firms in the Boomer Technology Circles (ranging in size from under \$2M to the largest firms), most are less than 50 percent chargeable.

Initiatives, Due Dates and Assignments

Execution of the strategic plan requires clearly articulated initiatives with specific due dates and responsible agents. Strategic planning often fails because it is not well executed. Creating the right firm culture is imperative, and the execution of initiatives should be a core element of your firm's culture. The firm must hold all personnel accountable to the Strategic Plan by communicating it thoroughly and requiring everyone to have a role in its execution. The strategic initiatives that





support the plan may be assigned to task forces as well as individuals. Due dates should be reasonable, yet urgent. If time frames stretch over a long period, initiatives often lose urgency and focus, falling short of leadership's vision. Urgent change is typically less painful than incremental change.

Your reward system should offer the greatest rewards for those who follow through and execute the Strategic Plan's initiatives. Those who fail should either be coached or terminated. It's that simple.

If personnel aren't rewarded for performance and behavior consistent with the Strategic Plan, the firm can unwittingly promote mediocrity. When this happens, the whole firm loses—strategic objectives go unfulfilled and under-performers receive the wrong message. In addition, good performers begin to look elsewhere for places of employment where their contributions have significance. On the other hand, success continues to breed further success in a firm where execution of the Strategic Plan is valued and rewarded.

The tool we find most successful in holding individuals accountable to the initiatives outlined in the Strategic Plan is the 90-day Game Plan. It allows individuals to align personal goals and objectives with the firm's goals and objectives. You will learn more about this tool in the following section.

Execution of the Strategic Plan is ultimately the responsibility of the firm's leadership. Thorough communication of strategic initiatives and holding all personnel accountable is the only sure-fire way to ensure its completion.





Exercise Eight: Measurements, Initiatives, Due Dates and Assignments (approximately 60 minutes)

The facilitator can decide if the group should break up into small teams, who each take on one Strategic Objective, or if the entire group will spend a few minutes completing your firm's Measurements, Initiatives, Due Dates and Assignments on the blank One Page Plan attached with this document.

Before you start, give every participant time to read the content in Step 6 of the Guide. Also, it may be helpful to have copies of the Sample Strategic Plan attached with this document available as a reference.

Then proceed with documenting the remaining columns of the Strategic Plan by moving from left to right.





Step 7: Documenting the Plan

Play: “Step 7 - Documenting the Plan” video (1.5 minutes)

Now that you have filled out your plan, take a short time to review it the following day. If everyone still approves, produce a laminated copy for each member of the firm. The key to success is holding all owners and staff accountable. The next two sections will describe how to do exactly that.

This plan will remain current for one year.





Step 8: My 90 Day Game Plan

Play: “Step 8 - 90 Day Game Plan” video (3.5 minutes)

There are four primary components to the 90-Day Game Plan.

They are:

- Identifying priority projects
- Defining critical steps to accomplish the projects
- Setting reasonable, but urgent due dates
- Delegating where appropriate (create leverage)

The accompanying form will help your firm assign projects based on the Strategic Objectives and hold personnel accountable. Accountability starts at the top with the firm’s leadership. Every owner and staff member should maintain a current 90-Day Game Plan. Coupled with The Accountability Review, these documents reduce management time and hold individuals accountable for executing the Strategic Plan.

Exercise Nine: My 90 Day Game Plan (approximately 45 minutes)

A blank 90 Day Game Plan is attached with this document. Each firm employee should fill one out and summarize it for other participants in the planning process. **Ensure that each project contributes to the firm’s strategic initiatives.** Utilize both the firm’s Strategic Plan document and sample 90 Day Game Plan, which is attached with this Guide, when completing individual 90 Day Game Plans.





Step 9: The Accountability Review

Play: "Step 9 - Accountability Review" video (2.5 minutes)

The Accountability Review is completed by each employee to identify his or her accomplishments and areas for improvement during the previous quarter. It should indicate how successful a firm employee was in completing initiatives from his or her 90 Day Game Plan.

Quarterly Reviews

Quarterly reviews promote individual confidence and focus on strategic initiatives. Highly confident employees achieve at high levels while employees with low confidence do not. Thus, it is imperative that a firm's leadership sustain high confidence levels at every level.

Sustaining confidence can be done through several strategies:

- Celebrate and communicate individual and team success stories throughout the firm
- Reward individuals for their success
- Coach personnel who fail, and terminate those who consistently fail
- Reviews should be conducted in the following sequence:
 - The employee completes the Accountability Review.
 - He or she reviews it with a supervisor or the managing partner.
 - The employee completes a new, 90-Day Game Plan.
 - A supervisor or managing partner approves the new, 90-Day Game Plan.
- Firm leaders communicate individual success stories at meetings and/or through a newsletter.





90 Days From Now: The Accountability Review

Blank and sample Accountability Reviews are attached with this document. Each firm employee should fill one out at the end of every 90 day period and review it with his or her manager.





The last step occurs one year from completion of steps 1-9. Use the guidance in the last two videos, referred to on this page, now as an introduction to Step 10. And, we recommend that you refer to these videos and this page of the Guide next year during the Annual Update.

Step 10: The Annual Update

Play: “Step 10 - Annual Planning” video (2 minutes)

Your firm should conduct an annual, overnight meeting at a unique location with all firm employees. The purpose is for team building and accurately communicating your culture. Review the past year’s results and update the plan accordingly.

Start by listing your firm’s accomplishments to promote confidence and motivation. Then, review each part of the firm’s Strategic Plan and confirm consensus among participants.

Play: “Conclusion” video (1 minute)

