



Freed Maxick & Battaglia, PC  
*Certified Public Accountants*



**Transforming your company into a market leader**  
**How strategic planning can boost your competitive advantage**

**Take it to  
theMax.**

**With the economy showing signs of recovery, business leaders are eager to grow their companies and put worries about survival behind them. In fact, activities such as hiring new workers, making technological upgrades and purchasing real estate are already coming back in many industries.**

**Ideally, companies will leverage these expenditures to increase market share and profitability. But leaders of top-performing companies know that capital investments alone don't ensure optimal outcomes.**

**Critical business decisions must be aligned with a strategic plan that keeps your company on a direct course – rather than a meandering path – toward one critical objective: achieving a long-term competitive advantage.**

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## The strategic difference

Companies that research, develop and implement strategic plans make deliberate and purposeful capital investments. They make decisions based on consensus from an informed management team. And they implement change to keep the company in line with its goals, not in knee-jerk response to challenges.

Working under a strategic plan helps position companies to do the following:

- Focus on the most important issues
- Avoid a hit-or-miss approach to success
- Live up to their potential
- Ensure competitive survival
- Provide optimal value to customers
- Reassure stakeholders that the organization will continue to thrive

## Commitment required

Strategic planning is not a new idea. At its essence, it is the quest for market dominance – a goal companies have been pursuing since business began. Despite the simplicity of this concept, however, strategic planning tends to be misunderstood and underused.

In the 1980s and 1990s companies hired consultants to lead intensive team-building retreats and management planning sessions. Many of these exercises were ill-fated attempts to develop positive feelings and collaboration that should already have existed within the organization.

When they resulted in little or no progress toward the company's goals, general disillusionment with such initiatives followed.

Although strategic planning is often associated with unconventional team-building tactics, it does not require going to extreme measures. But developing an effective, sustainable strategic plan will require significant effort and an ongoing commitment from your entire management team.

## Infusing the plan with inspiration

Strategy becomes increasingly relevant when competition for business heats up. But too often, strategies just mimic each other. They are not exciting or inspiring, their execution is poor, and they are built on obsolete premises.

Developing a plan that sets your company apart also requires a certain degree of faith on your part – and on the part of your management team. The following steps are essential in creating a strategic plan that inspires.

- Believe strategic planning can create value
- Accept the hypercompetitive world on its terms
- Conduct market research to ensure you make the right strategic decisions
- Develop a plan that drives toward sustained, long-term growth in earnings, shareholder returns, investor enthusiasm, customer fanaticism, and market “buzz”
- Settle only for a plan that captures your organization's uniqueness

## Phases of strategic planning

Although there are certain “phases” of strategic planning, none of these is ever complete. They will often go on indefinitely and concurrently. Like your company, strategic planning must be kept fresh and energetic if it is to succeed.

*Phase 1: Situation assessment.* To determine where you’re going as a company, you need to know where you are now. That’s why a good strategic plan must begin with a situation assessment.

Think of the situation assessment as a broad review of major challenges facing your organization.

When you conduct the assessment, the “SWOT” model is a good framework: Identify your company’s strengths, weaknesses and opportunities, as well as threats to your organization. Make sure your management team agrees on all of these.

To ensure a situation assessment that accurately reflects your challenges, you also need to separate symptoms from causes. If you identify employee turnover as a top challenge, delve a little deeper; your real challenge may be inexperienced supervisors or workers who don’t feel their contributions are recognized.

*Phase 2: Strategic market analysis.* In this phase, you augment what you learned in the situation assessment with analysis of external factors affecting your company.

Strategic market analysis involves researching trends affecting both your industry and the markets that are relevant to your business. You must also research your customers and competitors.

When you have an adequate and appropriate level of insight into these factors, present the information to your management team. Don’t expend an undue amount of time on this phase. Getting bogged down in learning everything can lead to analysis paralysis.

The goal is simply to inform the management team about the environment in which the company is operating and likely to operate. In turn, they can use the strategic intelligence to make good decisions.

*Phase 3: Strategic planning.* The overarching goal of strategic planning is not competing better; it’s competing differently. For high-performing management teams, achieving operational or tactical excellence isn’t enough. Their strategic plans change the game – bringing new solutions to the market and driving away traditional competitors.

A key component of strategic planning involves deciding how the company’s success will be measured. These criteria are known as key performance indicators (KPIs).

In the process of identifying KPIs, many companies make the mistake of tying their mission squarely to financial results. Although equating indicators such as strong sales with success seems logical, companies that make profitability their mission are typically outperformed by those with a more balanced approach.

Your management team must develop and agree on specific KPIs; however, the following categories should be represented:

- Management and leadership effectiveness
- Strategic positions
- Marketing, sales and leadership
- Organizational communication
- People development
- Productivity and operational streamlining
- Financial results
- Innovation

*Phase 4: Organizational structure and communication.* It’s a demoralizing experience to develop a strategic plan, only to realize that the company’s organizational structure impedes, rather than supports the push toward market dominance.

To avoid such setbacks management must take a hard, upfront look at the company’s organizational structure and determine how it needs to change over the next three to five years to support the strategic plan.

## How strategic planning can boost your competitive advantage

Then it's time to start promoting understanding of the plan across all business units, departments and functions.

To achieve this, you must create a team of leaders who share the mission, vision and values and act as a guiding coalition. This team must be entirely unified and in agreement regarding the overall direction of the plan. Diverse opinions and deviation from then plan are counter-productive at this level.

The coalition has a short-term charter to research, develop, and communicate internally a detailed and comprehensive strategic business plan. Members also have a long-term charter to expand the guiding coalition and enroll and enlist others in the plan. In today's business climate, simply telling employees what to do will not work. They must understand it, talk about it, embrace it and buy into it.

Once your broad plan is developed and agreed to by your guiding coalition, it's time to communicate it internally:

- Think about what you could do if you could engage the full power of your employees.
- Share major aspects of the big plan but involve employees in determining how you will get there
- Market the plan internally. If you effectively communicate your vision, 80 percent of your employees should be able to describe the company's mission and values; vision and strategy; objectives and action plan; their role in the company's strategy; and incentives they stand to receive for championing the plan.

*Phase 5: Action planning and implementation.* As you work toward implementation of the plan, establish an integrated strategic business management system (SBMS). This is a corporate-level umbrella strategic plan that includes a strategic situation assessment based on:

- Market research
- Your company's mission and core values
- A growth program that includes measures and methods

- A statement about desired market position
- Markets for focus
- Detailed visions of the future
- Key objectives for the current year
- Visionary organizational structure
- Three-to-five-year broad financial performance plan

Also consider developing business unit plans for divisions, branches, departments and other functional areas. These plans will contain most of the items included in the SBMS.

To stay on track with implementation, make sure there is a well-communicated schedule for key events and appoint someone to manage the process.

As you move forward, beware of these common barriers to successful implementation:

- Poor communication about the plan
- Failure to be honest as a management team
- Failure to hold people accountable
- Failure to develop bite-sized actions plans
- Failure to link incentive and compensation plans to the strategic plan

### Other considerations for success

#### **Strategic planning is not a fad**

Most great strategic thinking and writing has been around for decades and centuries, not just the past few years. If you understand this – and better yet, become a student of strategic management and leadership – you will add credibility to your plan. Your top management and anyone you include among your guiding coalition should become knowledgeable about this topic as well.

In the highest performing organizations, there is ongoing dialogue on strategic progress. Keeping your plan alive in this manner demonstrates that the management team lives and breathes strategically. Conversely, kicking off the strategic plan with much fanfare and ceasing to talk about it

## How strategic planning can boost your competitive advantage

after six months tells investors, employees, customers and supplier that your management philosophy was a short-term fad.

### **Passion is a critical ingredient**

People won't champion a strategic plan – even a brilliant one – if it isn't meaningful. To achieve staying power a plan must capture the soul of the company. Managers and other stakeholders must be energized by it.

### **Be courageous in the face of resistance**

In any authentic strategic planning process, there will be challenges and disagreements. And when you are dealing with bright people who are highly invested in their careers, arguments are nearly inevitable.

The best way to deflect resistance, however, is to provide a plan and direction so logical that there's no real basis for arguing against them. When you make your case for a strategic plan, share well-developed insights on the company mission, driving force, markets for focus, growth rate, growth strategies and organizational structure. Win people over by demonstrating how the plan will add value.

Remember that, when it comes to decision making about critical areas of the business, differences can typically be overcome through discussion, appreciative inquiry and perhaps some compromise. But the strategy itself must transcend the personalities.

It's more important to develop and implement the right plan for your overall competitive success than it is to develop a plan that doesn't rock the boat. So, while fallout is possible, don't let it deter you.

### **Keep the past in perspective**

Loyalty to the past can be a powerful roadblock to forging an innovative new mission. Diffuse defensiveness by giving proper credit to key management accomplishments and successful initiatives. Explain that the strategic plan builds on the past while positioning the company for its future: market dominance.

### **Brand the direction externally, too**

Once the vision has been shared internally and is understood, it is essential to roll out the plan to your other stakeholders, including customers, consultants and banks. Communicating the direction externally tells your employees that the plan is not just a document, but also a direction to which you are totally committed.

### **How Freed Maxick & Battaglia, CPAs can help**

Freed Maxick has a team of experienced professionals with the knowledge and skills to help your organization develop and implement a comprehensive and detailed strategic plan. Our consultants use a unique planning process that will help you determine what you want your organization to look like in the future, optimize your potential in the right markets, organize internally to meet the challenges of the future, overcome operational obstacles, and meet and exceed growth and profit goals.

Freed Maxick & Battaglia, CPAs can provide:

- Comprehensive strategic situation assessments
- Professionally delivered and facilitated strategic planning retreats
- Leadership coaching and training
- Support services for stakeholder communication
- Co-implementation services
- Plan authorship and documentation services

Long-range planning is critical in determining your company's mission, vision and goals – as well as action steps to get there. We'll work with you on all aspects of your strategic planning process as you carve out a distinct competitive advantage.

For more information about strategic planning, call: 800.777.4885

## About Us

Freed Maxick & Battaglia, CPAs, PC is the largest local public accounting firm in Western New York and a Top 100 Accounting Firm in the United States. Our firm of over 200 professional and administrative personnel has recorded rapid growth from serving local and national clientele, ranging from medium to large corporations having multiple state and international operations.

Freed Maxick has 26 directors and offers a depth of products & services, including: Accounting & Auditing, Tax, Consulting, Asset-Based Lending Services (ABL) and Employee Benefits. As trusted business advisors, we specialize in helping our clients discover and achieve their maximum bottom-line potential and we provide sound business advice based upon our vast experience in a broad array of industry groups including manufacturing & distribution, real estate, healthcare, agribusiness, governmental and not-for-profit entities.

Our accessibility, depth of talent and responsiveness to your needs are our commitment to helping you grow your business.

## Quick Facts

- A Top 100 Largest Accounting Firm in the US.
- Largest Accounting Firm in Western New York.
- Affiliated with RSM McGladrey, the 5<sup>th</sup> largest accounting and consulting firm in the U.S. and 9<sup>th</sup> internationally.
- Affiliated with the Leading Edge Alliance, a national alliance of over 40 accounting firms throughout the US.
- Registered Member of the PCAOB
- Personnel: Audit – 15 directors / 125 professionals  
Tax – 7 directors/ 30 professionals  
ABL – 3 directors/ 40 professionals  
Cost Segregation – 1 director/ 5 professionals

## Our Commitment to You

- Timely and efficient service.
- Honesty, integrity and confidentiality.
- Phone calls never go unanswered.
- Service clients in a professional manner with competitive fees.
- Satisfaction guaranteed.

## Overview of Services

### Assurance Services

Auditing, Reviews & Compilations  
Agreed-upon Procedures  
Accounting & Bookkeeping  
Bankruptcy Accounting  
Pension Plan Audits  
SEC Reporting

### Tax Services

Tax Preparation  
Corporate & Executive Tax Planning  
State and Local Tax Consulting  
Sales Tax Audit Defense  
Cost Segregation Studies  
International Tax Planning  
Federal & State Tax Credits  
R&D Tax Credits

### Asset Based Lending

Pre-loan surveys  
Rotational inspections  
Specialized Forensic Accounting  
Assessment of Collateral Exposure  
Evaluation of Accounting Procedures  
& Financing Reporting Capabilities

### Employee Benefit Services

Section 125 Flexible Spending  
Account Administration  
Parking & Mass Transit Plans  
Pension Plan Administration

### Consulting Services

Bank Financing Assistance  
Business Planning  
Merger and Acquisition Assistance  
Strategic Wealth Management  
Forecasting  
Profit Enhancement Strategies  
Facilitation of Strategy Sessions  
Business Valuations  
Business Succession Planning  
Forensic Accounting  
Fraud Investigation  
Expert Witness Testimony  
Due Diligence  
Estate Planning  
Strategic Planning  
Litigation Support  
Buy/Sell Agreements  
404 Compliance

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## Industry Groups

Agriculture  
Asset Based Lending  
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**Western New York's Largest Public Accounting Firm**