



“Ask SCORE” Column
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Column Title: The Difference Between a Biz Plan and Strategic Plan

After writing on Strategic Planning a few weeks ago, a SCORE client wanted to know if his small business start-up needed a Business Plan and Strategic Plan. “What’s the difference?” he asked.

Mike Hall, CPA, a SCORE volunteer and manager of the Green Bay office of QuickStart, Inc., a company that helps people develop business plans and obtain financing, responded. “The Strategic Plan is more of a direction over a longer term future and the Business Plan is shorter term, likely two to four years.”

Michael Troyer, PH.D, owner of Strategic Management Associates of Green Bay, agreed. He noted, “A Business Plan is structured to inform a financial institution of the potential of the business idea that you have created. It’s a start-up activity that is necessary when you’re starting the business. The Strategic Plan comes later when the business has matured to some extent.”

Until the business has matured, it is unlikely that a Strategic Plan is needed. For the start-up, this is especially true. Hall focuses on the Business Plan, and getting into the heart of the business. The main purpose is to obtain financing, but its use goes well beyond that. It helps set the course of the business, and provides detail on financial potential.

“The Business Plan is a tool to keep a business on task,” Hall stated. “The projections help define potential and provide direction.”

Hall considers a Business Plan to be a document that builds and improves the effectiveness of an organization without significantly changing its direction. When an owner gets to the point that he or she is asking, “Where do I go from here?” a Strategic Plan can set direction.

While there can be overlap between the plans, a Strategic Plan contains the company’s vision, mission statement, goals, and objectives over a period of time and how specific individuals within the company will achieve the objectives. In contrast to a Business Plan that demonstrates to outsiders what the business is about, a Strategic Plan is an internal document to be used as a roadmap for employees.

If a company has grown, but doesn’t have clear direction, a Strategic Plan is important. “I would say that when your company is well-established and you’re to the point that you have 10 to 15 employees,

a Strategic Plan could set direction. Do we want to stay at this level? Do we want to grow? Looking at the longer term, where do we want to go?” Hall said.

The Business Plan serves its purpose in the beginning and is vital for a start-up. It should be reviewed and adjusted on a regular basis as the business grows.

“Once you’re of sufficient size to set direction over a longer term future, you probably need a Strategic Plan. If you’re a new company, you’re probably still looking at your Business Plan,” Hall concluded.

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