3-Year Strategy

Why you need one and how to create it

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Top 5
reasons you need a 3-year strategy:

1. Vision

A 3-year strategy sets out a long-term vision for your company, planning for more than just what's in front of you right now. This is meant to be ambitious, but still achievable.

2. Brand

By documenting who you are and where you want to go, you are also defining who you are not. A long-term strategy forces you to be intentional in defining your company's brand and positioning against your competitors.

3. Resource Planning

A 3-year strategy stress-tests your goals against reality and reveals where your company is lacking in the ability to achieve these goals. Once these holes are defined, you can plan your capital needs and key hires years in advance.

4. Accountability

This process creates a roadmap for you and your team to execute against, forcing you to be intentional about your time and priorities, and clearly defines responsibilities to each team member in order to reach these goals.

5. Energy

By it's nature this plan creates initiatives that will energize you and your team. More than that, the collaborative nature of the planning process gives each team member a sense of ownership that is culturally healthy.

5 Mistakes to Avoid
when creating your strategy

1 **Thinking bigger is better.** It's more important to be realistic so that the plan is actually achievable.

2 **Failing to get buy in.** It's vital that the entire team agree on the priority and inventory of strategies developed.

3 **Waiting** to sequentially accomplish each initiative to be implemented before starting another one.

4 Assigning **responsibility for too many parts** of the strategic plan to any one person or department.

5 Memorializing the document as "the plan" and **considering the strategy to be static.** Strategies should be flexible and regularly reassessed.

Why 3 Years?

3 years is the sweet spot for a strategy. Shorter timelines - like a 1-year budget - is too short to think about and plan for big ideas. Anything longer than 3 years is likely to be stale or irrelevant by the time you reach the end.

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Step 1: Current State Analysis

Assess where your company is today. This analysis can include formal elements like a SWOT analysis or Porter's 5 forces, or can present current-state stats for your business such as customer spending trends or revenue mix. It is vital to seek input from others within the company during this process to hear different perspectives on the current strengths, positioning, and potential gaps or risks. This feedback can also come from key customers, suppliers, or other stakeholders in the business in order to get a well-rounded assessment.

Step 2: Future State Analysis

Define what the company should look like in 3 years. What are revenue, EBITDA, and margin targets? What changes have been made to customer base or operations? What will change in terms of competitive positioning or product offering? What aspects remain the same as today that you don't want to lose sight of? This process should use feedback from others within the company but is ultimately up to the CEO to define.

Step 3: Outline

Now that everyone understands the current state and agrees on the vision of where the company wants to go, it's time to bridge the two. Think about what steps need to be taken to accomplish these changes. What key positions need to be filled? What equipment or space needs to be added? These will be the key components of your 3-year strategy:

Strategic Goals	Objectives	Initiatives	KPIs
These are the high-level activities or accomplishments needed to achieve your future state vision. Long-term goals are typically drawn from four areas of the business: financial, customer, operational, and people. Examples include diversifying your customer base or becoming a thought leader in your industry. The CEO defines these.	These are the performance targets needed to achieve your strategic goals. Objectives should be specific, measurable, achievable, realistic, and time-based. Examples include adding 3 new core customers in each of your end markets or establishing a weekly vlog. The company's staff or top managers should develop these once the goals are set.	Initiatives are the major projects needed to reach each objective; you can get extremely granular here or let each manager create their own action plan for the initiatives they are responsible for. Initiatives should include timelines and assign responsibility within the organization. Examples include hiring a Sales Manager to lead proactive outreach to new prospects or creating a content calendar with topics for the next quarter's vlog.	Key Performance Indicators (KPIs), also known as critical success factors, will track the company's progress towards its goals. Examples include customer retention or feedback, cost of goods sold, social media followers or engagement, or number of earned media spots. The CEO and company's leadership team should develop these together.

Step 4: Implement

Once everyone agrees on the strategic plan and understands which initiatives they are responsible for and the KPIs they will be measured against, each area of the business should create action steps for themselves and/or their employees. The strategic planning team should have periodic check-ins to monitor the progress towards goals and determine if any tweaks or changes are needed.

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