THE RELATIONSHIP BETWEEN A COMPREHENSIVE STRATEGIC APPROACH AND SMALL BUSINESS PERFORMANCE

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There's an old saying that most small business owners are too busy working "in" their business to work "on" their business. That means these owners are so busy with daily tasks that they don't have the time to make plans to improve their business. An article by Dr. Scott Manley, Lalani Distinguished Professor of Entrepreneurship and co-authors, Ralph I. Williams Jr., D.B.A., Joshua R. Aaron, Ph.D., and Francis Daniel, Ph.D. give some great advice about how busy small business owners can more effectively improve business performance.

Three common suggestions given to business owners about improving performance are: set goals, develop a specific plan to reach those goals, and systematically monitor financial performance. In Dr. Manley's study of members of the Printing Industries of America trade association, somewhat surprisingly, only goal-setting seemed to improve performance when each suggestion was examined in isolation. Concluding that planning and monitoring don't help would be a mistake, however.

Even though goal setting may be the best way for extraordinarily busy small business owners to move their business forward, the better approach to improving performance is to combine that goal-setting with strategic planning and financial performance monitoring. Manley and his co-authors call this a "comprehensive strategic approach" and find that all three activities combined boost performance more so than mere goal-setting behaviors.

The advice is clear. To improve performance, start by setting goals (both long and short-range) and then make a plan to achieve those goals and periodically monitor the financial progress along the way.

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