Many tout strategic planning as essential to the success of a firm; oftentimes the reference is in terms of structured planning efforts like those found in large publicly traded companies. This is in contrast to the actual strategic-planning process found in small- to medium-sized entrepreneurial firms. Many of these firms do not have formalized strategic plans and often react to opportunities and threats that may exist in their external competitive environment.

This research study evaluated the strategic-planning process of three entrepreneurial family-owned and -managed food processors that are vertically integrated. All three companies possessed different strategic-planning approaches which were relatively effective. This report provides a greater understanding of the strategic-planning processes in small to medium vertically integrated food businesses. First, a description of the interview process, as well as a brief description of the subjects, is presented. Then the observations made about the strategic planning processes of these firms are noted.

**Interviews**

Ten upper-level managers from three separate small to medium family-owned food processors were interviewed. Each of the companies is vertically integrated from farm to processing, and in one case to the retail level. For two of the companies, the top-management team members interviewed were family members from multiple generations. For the third firm, we interviewed a first-generation husband-and-wife team along with two other members of their top-management team. Each person was interviewed separately. The interviews included open-ended questions designed to operationalize the strategic decision-making process at each company as well as questions soliciting input on how decisions would be made in response to specific threats and opportunities faced in the marketplace.

**Strategic-planning Process**

Conventional business knowledge suggests that small to medium companies need to have a business plan with a clearly defined direction and purpose for the business, in addition to financial projections. This wisdom is based on research and the requirements placed on these firms by financial institutions and other entities. The business literature goes so far as to suggest that a formal business plan will help the company be profitable. This connection was not observed in our participating companies as none of the three had formal business plans.

Originally, one company had attempted to conduct and maintain a formalized strategic plan. They met with such success that the owners had to update the written strategic plan on a three- to six-month schedule as the company continued to throttle past the goals laid out in the strategic plan more quickly than projected. As a result, the owners decided to stop using the formalized strategic plan and instead focus on broad visionary goals to guide the company. For another company that consisted of multi-generational family owners, their strategic plan was to open one new retail store per year. The rest of their planning approach followed more of an ad-hoc, emergent style of evaluating opportunities and threats as they emerged.

Overall, these firms seemed to operate on clearly identified and communicated visions. They knew who they were as a company, what space their product and service package filled in the market, and how they delivered that product and service package. Vertically integrated small to medium food companies can be successful with an informal planning process. However, their degree of success in executing their vision or informal plan is mitigated by their competencies. Thus a clear vision and effective execution are imperative to the success of small to medium food processors.