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**Title: Strategic Planning Utilisation in Australian Start-ups**

**Abstract:** The Australian Tax Office (ATO) and Australian Bureau of Statistics (ABS) define small and medium enterprises (SMEs) as: small enterprises are less than $AU2 million turnover or less than 20 employees, and medium enterprises are $AU2-10 million turnover with between 20 and 200 employees.With SMEs accounting for 70% of private sector employment and over 99% of all Australian businesses, there is a need to ensure an improvement on the 50% failure rate of businesses in the first five years. Some literature and internet sites claim failure rates as high as 50% in the first year and up to 90% in the first five years. Strategic planning is used to set business priorities, focusing energy and resources towards common goals. This disciplined approach is future focused, providing progress actions and success measures. With as little as a vision or idea triggering some to start a business, strategic and business planning is needed to establish the foundations and deliver results. With such a high attrition rate, the question arises: *Do Australian start-ups utilise strategic planning?* Further, if they do so: *Do they measure its effectiveness?*

With so little support available to start-ups, although increasing under the innovation umbrella through the establishment of Small Business Commissions in most states to aid mediation, there continues to be a gap in the types of support in developing businesses from a solid understanding of business direction, market focus and financial stability. The objective of this research was to establish the current survival rate of Australian businesses sourced from ABS data as a baseline; then by understanding the use of strategic planning in establishing and growing Australian start-ups, and whether their effectiveness is measured, to provide a contribution towards increased business survival.

Using a mixed-method approach, a questionnaire was issued to 725 SMEs who considered themselves entrepreneurs in business from less than 12 months to over 20 years, resulted in 112 responses and 17 indicating willingness to participate in interviews or focus groups. Twelve individual interviews were followed by a focus group to triangulate findings. Within those who responded, only 56% indicated they used strategy tools to establish the business, 67% of those indicated these were documented and 75% would use if they had their time again. In measuring performance, 67% measure performance of some type but only 33% measure strategy tool effectiveness in some form, 56% business performance, and 44% business success. Plans used to establish and run businesses had a higher marketing plan focus, followed by budget/financial plans. While 78% use financial measures to manage the business, 56% use operational and external environment measures, and 22% use internal environmental measures. These findings and correlation between these performance measures offered insights for interviews and focus group discussion, eliciting differing views and perspectives. Some saw a clear link between consciously setting the strategic direction and planning their business direction, documenting those plans and associated budgets, understanding their market and monitoring the progress as beneficial in establishing and growing their business; others didn’t.

Knowledge developed through greater understanding of strategy planning use and measurement of its effectiveness offers insights to influence government policy in addressing one aspect of business failure, planning to succeed. Additionally, offering input to developing a guiding framework to aid start-ups in planning and measuring effectiveness, using strategy tools that are able to be contextually applied to SMEs.

**Key Words:** Strategy/strategic, planning, measure/ment, SMEs, start-ups