



## Plans are worthless, but planning is everything!

By Marlene Lobberecht, M.S., CFCS, CFLE  
Intellaskill  
www.intellaskill.com

What it takes to be a successful business owner and keep business growing is not a coincidence. Many wonder how to shorten their learning curve to avoid working the 24/7 day grind to make ends meet, cover immediate expenses and have a life. A veteran business owner admitted after trying to grow her business, "I wish I had done a business plan. Everything that I was avoiding had to be resolved; I could have avoided some impulsive decisions!" Thinking smarter through planning doesn't happen by accident.

### Why some don't plan

Entrepreneurs emerge at all ages, at various career levels and of varying business backgrounds. Business planning consists of specifying objectives that take place in the future. According to the Small Business Administration research (2/2009), business owners are less likely to engage in planning because they believe planning efforts will not provide information that can be useful. Some reasons are offered for why entrepreneurs and veteran business owners feel they may not benefit from business planning include:

- Planning might be a distraction from taking the necessary actions to create new business.
- Entrepreneurs might experience "analysis paralysis" distracting them with the process of planning, rather than taking actions to secure customers, acquire resources, hire employees, or undertake other tasks to make new business a reality.
- The process of business creation for new and radically innovative companies may be so unpredictable and uncertain that planning might not help to identify critical contingencies and options.
- The process takes time, effort, and resources that could be used to engage in activities that might be more helpful in other areas of the business.

### Why many do plan

Bankers and investors read business plans. The relationship of business planning to the activity levels of entrepreneurs, as a whole is the catalyst to undertake more action to create more business. Planning easily lends itself to the overriding principle, which is evaluation of strategies or tactics which work and those that don't.

Three major business characteristics become evident, when evaluating a business plan, include:

- *Rate* - the number of activities undertaken over a period of time;
- *Concentration* - a measure of how closely activities are accomplished over a period of time or bunched together; and
- *Timing* - whether the bulk of business activities occurs early or later over the entire business operation period.

### 10 simple questions to answer for your business plan

Some of the following questions from **Bottom Line Quick Start for Emerging Entrepreneurs** ([www.amazon.com](http://www.amazon.com)) may fall within the first, second, third, fourth, or fifth year of your business and financial planning period. Select the questions relevant and build a plan year by year.

1. **What will your business do?** Sounds silly and basic, but you need to state what your business will do. Will it involve retail stores? Will you work out of your house? Will you set up shop in an industrial park? The more specific you can be, the better.
2. **What is your target market?** What types of customers will you need to attract? Are you targeting a local market or do you want to reach a larger geographic area? Online sales? What sales approaches will you need to implement?
3. **What is your value proposition?** Why will customers want to buy from you? What marketing strategies and activities will you undertake to promote your company and your value-laden commodity?
4. **What products and services will you offer?** Will you manufacture or outsource? What guarantee limits will you offer?
5. **Who is your competition?** What risks do they present to you at present or in the future? What competition do you see several years from now?
6. **What suppliers or contacts will you use?** What criteria will you use to select them? Where will you get your continued training? Where will you receive ongoing support?
7. **What business entity will you form?** Will you incorporate, set up an LLC or a sole proprietorship? Do you have a referral for an accountant or attorney to consult regarding this important decision?
8. **Where will you locate your business?** What criteria will you look for in a site? What factors do you need to consider in negotiating a lease or purchase?
9. **What are your staffing requirements?** What skills do your employees need? What salaries do you need to pay? What benefits will you offer?

**10. Can this business make money?** You need to develop financial projections showing cash flow for the first year and possibly two years; include a profit and loss statement. This is likely the most difficult aspect of your business plan development.

### Trends

The trend is to go back to fundamentals with good projections and solid analysis in an easy to read format. Use simple, straightforward language and short, less complicated text to convey the management of financial, strategic, operational and marketing objectives. Your business plan should take into account the nature of your market, future trends and how the organization is positioned in the marketplace.

### Technicalities

Business schools suggest first undertaking a **PEST analysis** by looking at the **P**olitical, **E**conomic, **S**ocial and **T**echnological factors that may or may not have a bearing on the business. Next be ready to undertake a **SWOT analysis** brainstorming exercise. Evaluate and list points under the following four simple headings: **S**trengths, **W**eaknesses, **O**pportunities and potential **T**hreats/trends you may experience. The plan should deal with business objectives over a realistic time frame in two formats; **APIE** and **SMART** should be reflected as a continual process and not an end in itself:

- **A**ppraisal,
- **P**lanning,
- **I**mplementation process, and
- **E**valuating.

**SMART** objectives are:

- **S**pecific: avoid a vague, all-embracing wish list.
- **M**asurable: how can you tell if you've achieved them?
- **A**greed: within the business organization, stakeholders and funders.
- **R**ealistic: can they be achieved?
- **T**ime-framed: accomplished by when?



The fundamental framework of a business plan typically includes:

- I. Title Page
- II. Table of Contents
- III. Executive Summary (modified to the audience for which the plan is written)
- IV. General Company Description
- V. Products and Services (industry analysis)
- VI. Operational Plan
- VII. Marketing Outline & Sales Strategy
- VIII. Communications, Technology & Administration Needs
- IX. Management & Organization
- X. Evaluation & Exit Strategy
- XI. Financial Plan (data spreadsheet, charts, & projections)
- XII. Appendices (brochures/advertising materials, industry studies, detailed list of equipment owned/to be purchased, copies of leases/contracts, market research studies, and a list of assets available as collateral)

A software package to simplify the business plan writing process that is recommended by the Houston-Area Small Business Development Center is *Business Plan Pro*. The software is also available online or through retail outlets.

Remember a business plan that cannot be measured is almost destined for failure. Owners must avoid becoming so enamored with their business that one loses objectivity or skew data to justify a go-ahead decision. One reason why a business plan is considered a living document is because it's revisited quarterly with continual future projections. Typically, celebrate the wins, identify good practices, re-focus less successful ventures, and be recharged to accomplish the next goal. Focus on the future as change is inevitable. Leaders ask where are you going next and why? Managers ask how you will do projects. It takes a balance of both to get the job done.



Marlene Lobberecht, MS, CFCS, CFLE, is author of **Bottom Line Quick Start for Emerging Entrepreneurs** and owner of Intellaskill, a company that focuses on enhancing business development through personalized business plans and technical updates. The mission of her company is to be a catalyst for achieving balance between business success and owner satisfaction, an evolutionary change with individuals, groups and organizations even during trying times. Marlene, a Trainer and Small Business Coach, works with individuals who want to focus on strategies and tactics to achieve their business mission and personal goals. You may contact Marlene at 281-723-1848 or via [www.intellaskill.com](http://www.intellaskill.com)