

Ready, Aim, Fire

By Tom Dorr, Director

If you are like most business owners, if someone walked into your business and offered you a way to increase your ability to succeed by 80%, you'd probably listen. You'd really listen if it didn't cost any money. What is this miracle product or service and how can you get some? There is one proven way to increase your business' likelihood of success, whether your business is a start up or 15 years old:

WRITE A BUSINESS PLAN.

Most businesses only write a plan when they need a loan and the bank requires you to write one. This year write a plan for yourself. As the New Year approaches, this is a good time to review the performance of your company over the last year and take some time to reflect on where you want it to go next year. What strategic changes will you make? Are there new markets you plan to enter, new products to introduce? What marketing strategies will you use? What are your labor needs to accomplish your goals? Are there capital purchases you need to make? What are your cash needs (working capital) to implement these strategies and run the business? Will you need outside financing? How do you plan to communicate your goals and objectives to your employees, spouse and supporters? What is the optimal timing for purchases, expansion or contraction? All these issues are addressed in your business plan developed for your own use.

What is a business plan? A business plan is your road map as to how you plan to operate and manage your business. It shows where you are going and how you're planning to get there. Most owners and managers tell me they already know these things; they often obsess over these issues. However, few take the time to write their goals down. They fail to evaluate options and how best to use scarce resources. They rarely develop financial projections.

I like to use the analogy that a business plan is your road map to success. Say you're planning to take a trip by car to Chicago. You can jump in the car and start driving adjusting to forks in the road as you go. You may get to Chicago via Phoenix and it may take you twice as long, but you'll get there. Or you can take out a map and plan on which highways you'll take and which attractions you will see along the way. Your trip will be less stressful, more enjoyable and predictable. Which way do you run your business?

What goes into a business plan? There are four essential elements of an internal business plan:

Goals and objectives: Where are you going and what measurements will you use to judge your success or failure? How do your business goals complement your personal goals? How do your objectives compare with industry trends and standards? What local factors should you consider? Get input on what is realistic growth for your industry or region. What are the competitive forces that will impact your business?

Strategic plan for achieving goals: Are there management competencies that need further developing? Training programs? Strategic alliances that should be pursued or strengthened? What resources are needed to achieve the projected goals? Capital? Employees? Equipment? What is the timing of critical events? Trade shows? New product development issues?

Financial projections: Develop projections of sales and expenses for the next year. What are the projected cash flow requirements? When should major purchases be planned? What are conservative projections in case the economy or markets don't meet your expectations?

Discussion of potential problems and solutions: Have a frank discussion with your staff and supporters about potential problems the business might run into? What are the proposed solutions if they do happen? How should you react to change in the market or with the competition?

By strategically evaluating and projecting where the business will grow, you will be able to create a plan of action that your employees can understand, your support team can support and you can use to better manage the business. If you are interested in receiving a business plan outline, please call the Center for Economic Vitality at 733-4014 and we'll send you one. It's never too late to plan. Start the process today.