

# Planning for Business Success

## WHAT A BUSINESS PLAN CAN DO FOR YOU AND HOW TO USE IT...

Running a business without a business plan is like rock climbing blindfolded. Your chances of making it successfully to the top are slim. And the process will surely be a death-defying one. Contrary to popular practice, a business plan is not a means to securing financing. Instead it is a step-by-step guide to running our business and creating the product or service that will make it in the marketplace. And like any other map, our plan will have to be adjusted according to your vision for the company, conditions and opportunities in The marketplace and your business' current condition. Whether it's formal or informal, every business has a plan. The local hair salon may not have formally written down the plan, but before setting up shop, a smart owner would have assessed the need for a shop in that area of town, the ability to attract clients there, the appropriate amount of chairs, whether to hire someone to do the shampooing and sweeping, the cost of utilities, the parking availability for clients. The owner who waits to figure these things out using trial and mostly error will be lucky to be left with his/her wits, much less any customers. A business plan helps to minimize those pitfalls.

**"Where are you now?"**

... the answer is surprisingly simple if you divide your business planning into four key areas: **Operational, Marketing, Employees and Finance.**

### **FAILING TO PLAN IS PLANNING TO FAIL...**

To many people, the concept of writing a business plan for their own business is a daunting one. Perhaps it would appear less daunting to view the process as simply writing the answer to three questions, namely:

- Where are you now?
- Where do you want to be at a future date?
- How will you get there?

**THE FIRST QUESTION - 'Where are you now?'** - must be your starting point. This question seeks to provide a planning base. It looks at your business to establish such things as:

- your business idea
- your current level of sales
- your customer groups
- your products and services
- your pricing policy
- your distribution policy
- your promotional activity
- your overall operation
- your employees
- your finances

Answering the question, "*Where are you now?*" is often a major stumbling block because most people don't know where to start. However, the answer is surprisingly simple if you divide your business planning into four key areas: Operational, Marketing, Employees and Finance. Such a division allows you to analyze your business (or assumed business) to create a solid planning base.

**THE SECOND QUESTION - "Where do you want to be at a future date?"** is simply asking you to visualize your business operation at a set date in the future. This visualization process is almost identical to the exercise of setting personal objectives. The difference, however, is that the focus here is on business objectives.

**THE THIRD QUESTION - "How will you get there?"** asks about the steps you need to take in order to achieve the business objectives you have set. These steps, or strategies, can be identified, written down and programmed.

#### **ADDITIONAL THINGS A BUSINESS PLAN SHOULD CONSIDER:**

1. What is a reasonable expectation of profitability and when?
2. How will the business pay you and any team members?
3. What are estimated expenses?
4. What is the pricing strategy?
5. What is the need for what you are offering and what profit margins can you expect?

While much of this may have occurred to you informally, it is very important to write it down. If you ever need to approach a bank or investors, you will need it. Writing it down will reinforce your vision, give you a reference point for checking your business' progress and will most likely bring up factors you did not consider when creating the plan in your head.

#### **WRITING YOUR BUSINESS PLAN DOWN:**

1. Helps you determine and coordinate all aspects of business operations
2. Gives you a means to analyze and determine what might be the best change to boost your business out of a stagnant situation
3. Assists you in determining the risks and benefits associated with any changes
4. Decreases your chances of making a mistake or not considering important factors in your business, and most importantly,
5. Dramatically increases your chances of success

Business plans are not only for those just setting out their journey in the marketplace. They are useful when acquiring a new business, forecasting growth, introducing a new product or service, entering a new market, responding to changes in the market or changing a significant aspect of your business.