

Routes to success 2: developing a business plan

A plan is your route map to your destination - it will help you get from here to where you want to be. It can give advance warning of the hazards and enable you to devise strategies to overcome them. How did you manage without one?

Business planning is all about knowing what you want, and setting out how you will achieve your goals.

Once you have agreed the mission and vision, you need to consider what the company's goals should be, and how these are to be achieved - what is the action plan? This is the process of business planning.

The plan will set out where you are, explain where you are going and how you intend getting there. It enables you to make good use of your resources (financial and otherwise) and of the opportunities you have. It is fundamental to business success.

Most businesses start out with a plan - it is something to show the bank manager and helps direct actions during the early life of the enterprise. But if it is so important, why doesn't everyone continue to do it?

Managers must allow themselves thinking time

The major reason is lack of time. Managers are always drawn towards tackling the day to day stuff - what to do about this customer's demands, that person's grievance, and guess what - the computer network's down again...and so on. It takes a real effort to budget your time so that you allow yourself space to prepare for tomorrow. And it's all too easy to let the urgent tasks of today crowd out those planning efforts.

Taking time to think about the future is not an option, it's essential. Managers must allow themselves thinking time and should get together and talk over the fast moving marketplace, technological changes in their industry, the threat from new start-ups or innovations by competitors, and to consider how the



business should react. Better still, they should be devising original initiatives so that they are the leaders and innovators and not part of the 'me too' brigade.

Preparing or revising a written plan gives an opportunity for all of these issues to be systematically considered. And remember, we are not aiming at a Soviet-era five year plan to be followed come what may. Simply a chance to review what we know now about our industry and devise the best way for the company to take advantage of current and expected changes.

Developing a plan takes some effort: is it worth it?

Consider how it can be used. Aside from the benefits that flow from the thought that goes into its preparation, you will use it in managing and directing the business; you will want to show it to your bank manager and other investors and it will be of value when you are recruiting new staff. You should share it with your present employees and should ideally involve them in its preparation: they each have a role to play in ensuring its success. And you may want to discuss aspects of it with your customers and suppliers.

What should be included in the plan? There can be no universal format, but there are a number of templates available (a Google search will find some examples). There's a range of excellent books on business planning available (try your local bookshop or a search on www.amazon.co.uk) but there can be great value in having outside help with the planning process - this is a service we offer to our customers, but when it comes to planning our own business we always seek outside help as we find that adds valuable focus to the process.

A key part of the benefit of planning comes with preparing financial projections. As always, as you work on these remember that sales are good, profit is important but cash flow is a matter of life and death for any enterprise.

We will look at this in the third part of this series.

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