







Write Your Script <u>Before</u> You Have to Perform It.

The SALT Business Growth Guide To Effective Business Planning

Why do businesses without business plans have more trouble finding success? (Approximately 48% of new businesses fail within their first 2 years. 96-98% Last less than 10 years)

When I talk about business plans, I mean the detailed documents that you actually follow as your tailor-made instruction manual for commercial success.

You must know the type of business plan that I'm referring to. These are the ones that look like, erm, a real plan!

Planning is Preparing To Build

The temptation to work without a plan is huge and just goes to show how un-prepared you may be for starting a business or a new initiative or project within an existing business. If you cannot plan how you want your business to grow and develop, then you may not have the required skills or experience to make it happen.

If this is the case, then you may be expecting the running of your business to deliver the education that you're missing.

This is a very costly mistake to make. A business that fails will take your investment and much more with it.

The very act of planning a business will show up any gaps in your knowledge, experience and resources before you even start. At this point, you can remedy all of this without any pressure and with minimal costs.

Avoid the temptation to produce a one-page business plan as your complete road-map, unless you want to run the risk that the story of your business will be just as short.

Working Without A Plan

To be without a business plan is like trying to build flat-pack furniture with an instruction manual that just tells you to make it up as you go.

Without an effective instruction manual, how do you even know that you have all of the parts that you need to build your new piece of furniture?

Working this way is fine for your sense of freedom and adventure, but you may struggle with some of the unfamiliar components and may not have all of the tools that you need. After you have bolted the available parts together, what are the chances that your furniture will look like the picture on the box? Or that it will actually do what you need it to without falling apart?

Unfortunately, businesses are not built with photographs or diagrams to guide you and you have to write your own instructions. What you end up building has to be fit for the task of making you enough money to be worth the risks and sacrifices or running your own business.

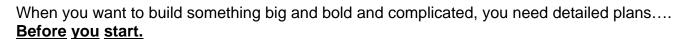
Without your plan, you are working completely blind and costly mistakes are inevitable.

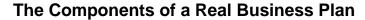


What Do Successful Business Owners And Architects Have In Common?

Neither will start work without knowing:

- Exactly what they want to achieve.
- What they want to create.
- Where they will build it.
- Who is it for? Who is the intended beneficiary?
- That there is a definite market.
- What resources they will need.
- What materials are required and what they will be used for.
- How they will achieve it, action by action.
- What the end result should be.
- What the key stages look like.
- What order things will get done.
- The issues that still need answers.
- The potential risks.
- Who is available to help them?
- Which skills and abilities will be needed to successfully deliver the right results.
- Fixed and ongoing costs.
- Size of the potential market, its value and key clients.
- Potential returns and rewards.
- Why they are doing it all in the first place.





If you have a business plan that was created simply to allow your bank to extend credit facilities, then you will be missing many of the benefits of having a complete business plan that was produced as a roadmap to achieving the aims of your business.

A complete business plan contains your reasons for being in business as well as how you would achieve it.

Part of the contents should include the following elements:-

The Executive Summary - It summarises the key elements of the entire business plan and the intended purpose of the document (depending on who the plan has been given to and the intended outcome)

Industry - An overview of the industry sector that your business will be a part of, including industry trends, major players in the industry, and estimated industry sales. This section will also include a summary of your business's place within the industry.

Aims - A purpose or intention; a desired outcome. Businesses should have big, bold aims and ambitions that go way beyond just getting paid.

The best aims are often those that are focussed outside of the business.

'We want to change the way that clients use..."





"We aim to be recognise	ed as the best…"	
"We want to make	accessible to every person	on the planet"

Vision - An aspirational description of what an organisation would like to achieve or accomplish in the mid-term or long-term future.

A vision statement is sometimes called a picture of your company in the future but it's so much more than that. Your vision statement is your inspiration, the framework for all your strategic planning.

A vision statement may apply to an entire company or to a single division of that company. Whether for all or part of an organisation, the vision statement answers the question, "Where do we want to go?". This is to be shared internally only to focus the organisation on your shared purpose.

Mission - A written declaration of an organisation's core purpose and focus that normally remains unchanged over time.

A mission statement is a brief description of a company's fundamental purpose. It answers the question, "Why do we exist?"

The mission statement articulates the company's purpose both for those in the organisation and for the public.



All mission statements will broadly describe an organisation's present capabilities, customer focus, activities, and business makeup.

Values – Ethical or moral constrictions that you voluntarily place upon the behaviour of your business for the benefit of your customers, investors and colleagues.

Examples include Fairtrade, codes of practice and adherence to ethical standards.

Milestones – Smaller goals, whose achievement demonstrates progress towards the achievement of the business's overall mission.

Tools – key technology, resources and facilities that will be used to accomplish the business's goals.

Themes and Areas of focus – Unique or individual approaches to business areas.

Products – Describe the physical items that you plan to sell in exchange for money.

Services – The services that you plan to provide in exchange for payment.

Market Research / Analysis – In a nut-shell, who are your customers and what do they need? A detailed examination of the primary target market for your product or service, including geographic location, demographics, your target market's needs and how these needs are being met currently and by whom.

Management Plan - Essentially details who will be responsible for executing the business plan and what they will need to do so. An outline of your business's legal structure and management resources, including your internal management team, external management resources, and human resources needs.



Operation Plan – This details the physical assets that will be used to execute the plan. Physical locations, offices, warehouses, factories, equipment, materials, suppliers, logistics, production processes and required personnel. How these all work together to fulfil the plan is detailed in this section.

Marketing Strategies and Resources – There is no business without paying customers. The way that you communicate with your target market is key to guiding them to become active customers. Here you will describe how this will be done and what you will need to do it.

Sales Strategies and Revenue Targets – Successfully attracting interest from within your target market is only worthwhile if you can convert this interest into income. The best sales strategies work effectively with marketing activities to create the revenue that the business needs to achieve its goals and be successful.

Financial Plans – Your funding requirements, financial statements, projected spending and anticipated income are detailed here.

Appendices and Exhibits – Proof of concept, examples, studies, research, photographs, contracts and agreements as well as anything else that can support or prove that your

business has a chance to succeed.

The Plan **IS** The Beginning Of Your Business

Everything that you need to build your business will flow from your business plan. It should be your script for how

you will 'perform' your business. This doesn't mean that you can't improvise or ad-lib, in fact it's essential that you exercise as much flexibility in achieving your goals, as circumstances dictate. Achieving the end result is the most overriding goal, while being guided by the other elements of your business plan.

If you are in a rush to get on with building your business rather than planning it, consider this.

All of the material for your websites, brochures, proposals, marketing material, staff manuals, sales letters, investor prospectus and every other part of your business will draw on your business plan for its content and inspiration.

So, for those of you that have said that they don't have time to write a business plan because you need to get on with creating your website, if you create your plan properly, most of the important material for your site will come straight out of your well-developed business plan.

Every other piece of marketing, sales and planning documentation should also come out of a well-developed, logical and complete business plan. When this is the case, all of these materials match, have a common purpose and share an overall set of goals. When the plan is good, everything that flows from it should work.

This makes your business plans one of the best investments of time that you could possibly make.



Aimlessness is The Consequence of Not Planning

The fact is that most new businesses do not start out with a properly defined set of goals to begin with, and fail as a result.

Of those who survive trading without well-defined ambitions and a real plan to achieve them, most remain small and struggle to keep going.

There are very few areas of our lives where we set out on an activity without defining the end result or method of achieving it.

Would you leave your house without knowing where you were going?

Or get in your car without deciding where you wanted to end up?

Would you start driving without know your route or how you would reach your vague destination?

The journey would be pointless and frustrating.

Satisfying achievements, if they happen at all, will take longer for the reason that they are not being systematically and purposefully created step-by-step.

This un-planned approach often leads business owners, employees, managers and leaders to feeling 'lost' and unsure as to what they should do next.

It's no wonder when there is no destination to begin with. Getting lost seems to be the inevitable consequence.

The Test of a Complete Plan

A complete and comprehensive business plan should be so good that you could give it to someone else to execute and still achieve the result that you wanted. Many entrepreneurs have become very rich from doing exactly that. The ability to plan strategically is something that benefits from practice and can pay large dividends.

The exercise of writing and reviewing a business plan should make any gaps in your preparations and planning fairly obvious. It is far better to find faults in the planning stage rather than when you are executing your plan. Ask any architect!

Just like writing a story or a script, if it doesn't make sense when you write and then read it, it will probably not work in practice either, when you 'act' or 'perform' it.

If you were to show your plan to someone who gives you negative feedback, then always listen. This is an essential way of testing the plan.

If someone were to tell you that your plan will not succeed, always ask them why they have come to that conclusion. No listen carefully. Do you have to adjust your plan or do you have the pitfalls covered?

The more feedback you receive, the more opportunities you will have to hear perspectives that challenge the substance of your plan. Seek as much feedback as you can find and improve your plan accordingly. Test the plan continuously and improve it until it cannot fail.

Question the logical flow of events that your plan describes.

Question: Does a website automatically make £100,000 worth of sales just because it has

been created?

Answer: Not in the real world.

Question: Does a shop cover its fixed cost just because it opens its doors?

Answer: Only in your dreams.

Question: Do you get to retire rich, just because you had an idea?



Answer: Not unless you act upon it and execute the idea properly with absolute commitment.

Question: Do you become recognised as a leader in your industry just because you are

taking part?

Answer: No. You have to earn your recognition.

Question: Will your business change the world?

Answer: If you consider how many businesses there are in existence, then consider how

many have made a global impact, the chances are slim and will not happen without

great determination and the assistance of many great people.

The intervening and necessary steps obviously need to be defined in each case... And then acted upon with conviction and consistent energy until the goals are achieved.

Start with the End in Mind

If you start your plan with the result that you want, then work backwards through the logical and inevitable steps that will get you there, you'll find that your planned goals will be more easily achieved.

You may even be able to see where additional resources will be needed in order to complete particular steps.

No business is successful without outside help. Gather your resources and connections at the earliest stages and introduce them at the appropriate time.

Carpenters Know About Good Planning

A carpenter will tell you to measure twice and cut once. This is good advice for anyone planning a business, or making changes to an existing business.

Wastage, mistakes and miscalculations can be very costly or even fatal for the business.

Waste enough of your initial investment and your business may never truly get off the ground.

Cause and Effect

The logical flow of business planning, and the universe in general, follows the law of Cause and Effect. This should be factored into your business plan.

Only if you commit an action that is **designed** to gain a defined result, will that result be possible.

The action must match the intended result. If there is a large gap between the starting point and the result that you want, then break your plan down into smaller, logical steps.

If something isn't working, then luck is unlikely to change it. Einstein said that 'the definition of insanity is doing the same thing over and over again and expecting a different result each time'.

Cause and Effect says that 'Every action has an equal and opposite reaction'. Commit to the actions that give you the reactions that you want to achieve and make them part of your plan.

Be very deliberate with those actions and the result will become inevitable. Luck may give you a helping hand once the business is already doing the right things.



Keeping Up To Date

Any existing business should go back and review its business plan periodically to make sure that it still makes sense in the current market. Many businesses have failed because they didn't keep up with the changing times.

A business plan is a **living** document that should be followed and adjusted while it is being executed. A plan that is created and then put in a draw to be forgotten is of no use to anyone and will not help to guide your enterprise towards your goals.

Many things can happen that can affect the effectiveness of a plan over the medium to long-term. Changes in trends, market and economic conditions, new legislation, political changes, new competition, new technologies and the changing needs of customers can all mean that the plan that you started with needs to be reviewed and adjusted to either make use of the new opportunities offered, overcome new obstacles or reconnect with the correct target demographic.

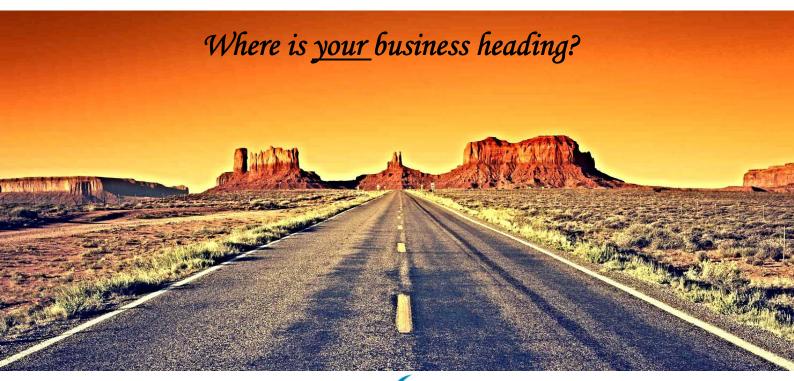
Indulge in Strategic Planning

Strategic planning is an organisation's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue this strategy.

In order to determine the direction of the organisation, it is necessary to fully understand its current position and the possible avenues through which it can pursue a particular course of action. Generally, strategic planning deals with at least one of three key questions:

- 1. "What do we do?"
- 2. "For whom do we do it?"
- 3. "How do we excel?"

In many organisations, this is viewed as a process for determining where an organisation is going over the next year or—more typically—3 to 5 years (long term), although some extend their vision to 20 years or longer.



Different Versions For Different Purposes

Your full business plan is for you and the people that you entrust to execute it. You will not want to share the complete version with many other people.

You can however use this document in summarised or edited form as a useful tool to share your vision with potential investors, your staff, the media and other useful partners who can help you to execute your plan.

Useful edited versions will fulfil the following purposes:

Attracting Investors

Attracting high calibre staff

Sharing your vision

A statement of the values that you want your business to operate by

Roadmap for your business

A planning document to base changes to the business – useful for scaling up and expansion.

Training and induction documents for staff

Strategic plan for achieving revenue and growth

Attracting finance and funding

Sharing the roadmap

Applying a proven business plan to a new venture. Success breeding further success.

A guide to decision—making by reminding you of the business's overall goals

Remember that a complete business plan feeds every area of business execution and as such can be the starting point for all of the content and collateral that needs to be produced in the areas of sales and marketing, annual reports, management reports, investor prospectus, internal training, PR, advertising, online and offline content.

This means that a thorough business plan is never wasted and can help to produce invaluable consistency and shared focus across every organisational activity.

Important Questions

Do individual divisions or departments need their own business plans or individual elements, such as vision & mission statements?

If so, do these match the overall goals of the organisation?

What strategic planning is necessary to make to business plan a reality?

If my business plan is shorter than this guide, how soon should my business fail?

Is the business plan ready for us to execute?

What would happen if we executed the plan at this stage of its development?

Do we need to call in expert support to help us to create an effective business plan?



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