



Writing and Implementing Your Business Plan Video Content

This video will give you an overview of how you go about developing and using your business plan to get results in your business today and long into the future.

We'll be showing you the discussion between an SBDC advisor and a client discussing the planning process and outcomes. We'll start with our advisor talking about what a business plan is.

What is a Business Plan?

The good news is that there is a well defined process to help you define the goals you want to achieve and then go about accomplishing what you want to see happen

First, a good business plan is about content and result oriented language not just writing and formatting a long document with some pretty pictures and spreadsheets.

Secondly your plan should tell a complete story of your business in a format that can be communicated to anyone needing to understand your business. It should include information about the past, the present, where it is going, and how it is going to get there. The "how" part of the plan is where the rubber meets the road so we'll be spending time working through that part in some detail.

Keep in mind that the SBDC Advisor can help you through plan development process. An important point to make here is that like most business owners you are probably already doing a majority of the activities associated with business planning each day.

The critical issue here is that simply writing this down causes something magical to occur. That may sound silly but it is proven to be true time and again.

You need to understand that it takes some work on your and your team's part but it doesn't have to be difficult or time-consuming. Remember that this is all about telling the "story" of your business. Like any entrepreneur you already like talking about your

company, after all it is a lot like your child, “the best, the brightest, and the most capable” business out there. Right?

What is critical is that the written plan is completed and that it is dynamic and is communicated to everyone involved. This includes all the owners, managers, employees and those outside of the company such as lenders.

A good starting point is to review the general philosophy of a plan so that you have some idea of what is involved. Don't get overwhelmed as it may seem like a lot. Clients have said it is a little like being asked to eat an elephant and they have no idea of where to start let alone how to get it all eaten. An effective approach is to simple, “not look at the elephant”! The key is to take the process one step at a time, or bite at a time if you prefer.

A good starting point is to understand the Basic philosophy of the Plan!

First you need to define your strategy. Strategy requires focus. Figure out:

- what you're really selling
- who wants it
- why they want it and finally
- how your business provides something different from the competition.

Next is how you will control your destiny. Determine where you want to go and break that down into specific, concrete steps with

- dates
- deadlines and
- budgets
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The object is to not merely react to events but knowing to the best extent possible what might happen and then being proactive. Set a roadmap to follow and revise it as things change--and believe me they will change.

Plan your cash flow. Cash is the lifeblood of a business. You've got to make a good, educated guess, then manage your planned cash flow vs. actual cash flow very carefully.

As an entrepreneur wanting growth is pretty natural. What you need to figure out fairly accurately is how much growth you can really do because growth uses a lot of cash.

The other part of this equation is that profits don't necessarily mean cash, so laying this information out in detail is critical to your survival. The math isn't hard, but getting your financials organized takes some time and effort.

Next is **allocating your resources realistically**. This doesn't just have to do with cash, but also with know-how and responsibility.

The questions are:

- Who will be doing it,
- What needs to get done, &
- When must it be done by?

Now the basic philosophy has been laid out it is time to review the actual elements of a plan. A basic outline would include:

- Section One: The Business
 - Executive Summary (1-2 pages)
 - Description of Business (historical & present)
 - Products/Services
 - The Market and Industry
 - Location(s) of Business
 - The Competition
 - Management & Personnel
 - Capital infusion needed (source and use)
 - Assumptions for financial forecasts
- Section Two: Historical Financial Data
 - (1-3 years - income and balance sheets)
- Section Three: Financing Forecast
 - (3-5 years – income, cash flow and balance sheets)
- Section Four: Addendums
 - Contracts and Agreements
 - Resumes
 - Supporting Documents
 - Etc.

This looks like a lot of ground to cover but in reality most plans range from 10 to 25 pages. Extra length adds no real value if it does not make the plan more viable and implementable.

A couple of critical points to keep in mind as you work on your plan are that you should not get bogged down in day-to-day problems and forget the bigger picture – **Work on** not just **in the Business**.

Remember to not look at the elephant. You, your SBDC Advisor and your team will work together to get this all done. It won't happen over-night but if we all stay focused it will happen and get done right.

Some additional general points for to note are that:

- The plan should address 3-5 years depending on what your plans are for the future.
- Have a monthly forecast and cash flow for the first 12 months.
- Understand that Plans are never 100% right but nonetheless vital to success.
- You should only be wrong once a month, and as you monitor your plan vs. monthly results:
 - you will gain new insights into how the business is performing and
 - you can then adjust the plan and improve results every month.

- The key benefit of planning is that it creates a focus for your direction and provides specific and measurable targets that will help your business grow and get better at managing your business each and every month.

Taking a strategic, “mountain top” view of your business gives you the opportunity to review your performance and the factors affecting your business, be pro-active in making changes. Your plan can be the best sleeping medicine on earth if done well and used as the management tool it is meant to be.

Go to WSBDC website: <http://wsbdc.org/services/grow/resources/business-plans/> to download an outline for developing your plan.