

A Written Business Plan

Why Bother?

by Diane M. Eade

*A well-written business plan
contains measurable, time-related goals
so you will know how well you are performing.*

Often businesspeople think that the main reason for writing a business plan is to secure financing for their business. Certainly that's a key reason that many small businesses write a plan. If you're in this camp, ask yourself a question, "Why is a written business plan so important to lenders? Is it just so that they can understand the business, or is there something more to it?"

My experience tells me that there is a *lot* more going on than that. Consider, for instance, that I have seen businesses whose profitability has grown by over 300% after they documented their business plan. The reason for these astounding results is simple – focus. Here are some of the things a well-documented business plan should include.

First, in order to write a sound business plan, you have to determine three key things:

Where your business currently is;

Where you want to take your business; and

How you will take it from where you are today to where you are going tomorrow.

Most small business owners are so busy managing day-to-day demands that they barely have time to breathe, not to mention standing back and looking objectively at their business. Take the time.

Second, writing a sound business plan forces you to determine what is really important for your business and stay on-track. What are the 20% of activities that will cause 80% of your results? How can you spend more time on those activities? Then, what chunk of the remaining 20% is worth your time? When and how should you approach it?

Unless you have a disciplined method for asking and answering important questions, critical success factors may be overlooked. The result can be that you stray off course on your daily business actions. Even a 5-degree variance versus the planned route will take your business to a very different end point than the original business destination. Thus, it's critical to think of a business plan as a dynamic entity that requires constant monitoring and updating, rather than as a completed document to be filed on a shelf for reference.

A third reason that lenders place such high value on a well-written business plan, is that in order to write well, you must understand your topic thoroughly and think clearly about it. A solid business plan requires the writer to think things through, like:

- What are the keys to your success?
- What obstacles are you likely to face in the next year or two?
- How much do you expect to grow? Why? How will you manage that growth in terms of capital? Staffing? Cash flow? Customer service?

Finally, a well-written business plan contains measurable, time-related goals, so you will know how well your business is performing, by your own standards of success. It comes down to the simple success question. Are you better off knowing that: (a) your business is doing well, (b) doing poorly, or (c) not knowing? Most businesspeople agree that 'a', 'b', 'c' is the order of

preference. Yet, without a business plan and measurable success hurdles, they are doomed to a life of not knowing. Make sure that you know how well your business is performing, so that you can become one of those remarkable success stories.

To get yourself to write the business plan, I suggest you break the project down into several sections. Start by writing an outline. There are many different options. Books have been written on this topic, and there are also a variety of online programs that can help you get started. The next day, write the section that looks simplest to you. On another day, work on another section, and so on. There will be some sections that require help. That's why it's so important to develop a close circle of colleagues and advisors. Call your attorney, your accountant, your consultants, etc. and get their input on the appropriate sections. Importantly, give yourself a deadline for finishing the plan. Otherwise, it will become the never-ending project, your nemesis, and you will despise it.

With a little determination and hard work, you can write a solid, focused business plan, and almost every small business will benefit from the exercise.

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