

## NOW is When You Need a Business Plan

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According to a Dun & Bradstreet survey, 90% of business failures can be traced to poor management, lack of planning and under capitalisation. However, all these issues can be addressed by having an effective business plan in place, as planning reduces the chance of failure.

'If you fail to plan you plan to fail'

Statistics show that a high proportion of business failures could have been avoided if they had developed and used a proper business plan. Research shows that businesses that properly plan are significantly more likely to be more profitable and to achieve greater growth.

While most business plans share a similar structure and contain similar information about a business, your business plan will be distinguished by those characteristics that are unique to your business.

### Types of Business Plan

Business plans can be prepared for different purposes and audiences e.g. start up plans, continuance plans & those prepared specifically to raise funding. To be effective, the plan must be written to be applied in the business, referred to and updated on a regular basis since you are operating in a dynamic environment. Though plans prepared for different purposes may have a different emphasis and level of detail in some areas, business plans generally have a similar structure & all criteria should be reviewed regularly.

### Driving the Business Plan

The business plan is driven from the top. Time should be spent trying to align the business to the business plan and then reviewing & updating the business plan. This will ensure that the business stays on track and continues to grow.

### Strategy

Many of us go through the motions & assemble a business plan but, if it is not done properly then it is a meaningless document. One of the major issues of any business plan is developing a it so that the outcomes, or proposed structure, in fact align with the data & research. In other words, there is a clear & reasoned argument for the business to be developed as proposed.

### Short Form Plan

I would not recommend a half-baked approach to business planning but also recognise that some businesses are in survival mode. You may not have the funds, time or resources to compile a full plan. However, whatever your business situation, you absolutely need a plan.

If you can afford it get help to prepare it. Getting someone good may be the best use of your money at this stage.

As an absolute minimum, you need to consider carefully & document a plan that is sufficient to meet your immediate priorities of increasing income & reducing costs. Consider key strategies for funding, cash flow, products & services, marketing & staffing. Take a good look at your competition and what you can learn from them. Prepare brief action plans to support your overall business plan making sure that responsibilities and timelines are clear. Have regular meetings to monitor progress.

### Constant Reviews

Without a regular comparison of actual performance to the business plan you might as well not have spent the time developing the plan! The business plan must be compared with the actual situation

regularly. This is the value of the plan. By regularly reviewing your position you know immediately where the business needs attention.

### Keep it Real

A major downfall of many business plans is that they are over-optimistic in their view of the possible outcomes. More often than not reality falls well short of expectations. So, keep it real, ensure that conclusions are well founded. Look at your history & other like businesses as comparison.

In order to be competitive you need an edge. A business plan will help you find this edge.

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