

The Business Plan

A core building block to a successful business is the development of a business plan. The Business Plan can comprise a strategic plan typically 3-5 years (which sets your direction) and an operational plan, which is usually one year, which focuses in detail how to achieve year one objectives.

Quite often, business management will already know much of what will go into a business plan. However, development of the business plan greatly helps to clarify the organization's focus and ensures that all management and staff are working from the same source. The actual planning process is an important component as ideas are both put to paper and are reality checked across different business units.

A plan is developed with the active participation of the business owners and management. To a great degree how successful and effective the business plan will be is dependent on the involvement and 'buy in' of these people.

What is a Business Plan?

A business plan is a blueprint of who your company is and where they are headed, it explains in some detail how your company will achieve its goals. A business plan is a combination of Plans, the marketing plan, strategic plan, operational/management plan and a financial plan.

A good business plan will be:

- The strategic vision for your company
 - An important communication tool
 - A tool for planning & measuring
 - A tool for setting and improving performance
 - The tool to use a barometer for decision-making
 - A tool to establish employee culture
 - A tool to motivate and keep good employees
 - A tool for investment decisions
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- **A Profit Management development tool.** Putting together your business plan will help you develop as a manager because it can give you practice in thinking and figuring out problems about competitive conditions, promotional opportunities, and situations that are or may be beneficial or harmful to your business.
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Why is a Business Plan important?

Your Business future depends largely upon the decisions you make. A business plan provides the direction that enables you to make decisions with a clear set of objectives in mind. As well as the allocation of resources the Business Plan provides you with the basis to establish a performance management system for your business that monitors your success and allows you to make decisions to both rectify and improve situations.

If you question the value of committing time to preparing a business plan you should realise that lack of planning can cause you not to anticipate future decisions and actions you must make or take to run your business successfully. A business plan can be:

- **A current status check.** As you analyse your current performance, which is one of the early steps in the business plan cycle you will gain a realistic view of how your business is performing.
- **A direction & Communication vehicle:** Your business plan, once it is completed, will provide clear targets and milestones from which you can operate your business. You can clearly articulate to staff and investors the goals you expect to achieve and the detailed strategies of how you will achieve those goals.
- **A Profit Enhancement tool.** As you establish your business plan especially in the strategic business plan section you challenge the barriers of what you can achieve and how you can achieve significant growth and profits. The detailed operational plan sets out the steps in detail of how you will achieve your business growth targets.
- **A Performance achievement tool.** A completed plan will have established your direction and a series of measurable goals. These goals that are measurable, form the basis of performance setting for your organisation.
- **A Staff Culture, Motivation and Development tool.** The business plan will allow you to establish a staff culture and development that is aligned to your business objectives. Job roles are developed in line with the direction, as are educational requirements. Your staff is engendered with confidence that they are part of a successful business that knows where they are going and that they are an important part of achieving those goals.
- **A Cost Reduction tool.** A well constructed plan enables you to run your business more effectively and efficiently thereby reducing delays and disruptions, reducing uncertainties, waste, and duplication.

There are 4 items that a Business Plan should provide? . The plan is a tool to ensure you can establish and communicate the direction you are heading. So your plan should include:

- **Core Business Direction.** What is your core business? Do you know this Business and understand what is needed to make this business work successfully.
- **Who is your Target Market.** You need to ensure you have identified your target market, the needs of those customers within this market, and how you will win and maintain the loyalty of these customers.
- **Performance Management Targets.** The Business Plan enables your business to establish a set of performance metrics that can be cascaded down your organisation therefore ensuring every persons role is aligned to the Business objectives. This performance alignment can greatly improve your Business success.
- **Investor Requirements.** Investors will use the business plan (in addition to historical results) as they key tool for assessing investment decisions.

Contact Business Profit Improvers to discuss how we can work with you to create a powerful and effective business plan, which can significantly enhance your opportunity for success and allow you to implement a performance improvement model across your business.

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