

It's going to plan

The best-laid plans of business men and women won't go awry if simple strategies for success are followed. By **Abigail Nathan**.

Face it, if you want to succeed in the business world, a business plan is imperative. A good plan will become a management tool that'll not only determine whether your initial "great idea" translates into a feasible business, but also helps you maintain focus once it does succeed.

It's a trite but true saying that "businesses don't plan to fail, they fail to plan". Ask any business expert and you're guaranteed to be given that lecture. Yet many people remain convinced that the genius of their idea will result in success without all that "pointless" planning and "tedious" paperwork.

Anne Paterson, the CEO of Sydney Business — a training and mentoring service aimed at small businesses — sees this all too often. "A lot of people think, 'Oh, I'll just go and set up this business,' and off they go and they set it up. And in a few months' time we get telephone calls: 'Oh my god, what are we going to do? We've got no customers and we're paying this rent...' etc, etc. It happens time and time again — they haven't done any research."

However time-consuming it may be, carrying out the initial market research is key to starting that all-important business plan. You need to learn everything you can about your target market and your competition to strategise successfully. And the act of writing a business plan will strip away any whimsical notions and force you to think practically and objectively about your proposed business.

So, how do you go about writing the "perfect" business plan? Paterson says the best business plans are broken down into three fundamental parts. Perhaps most important, from the "getting started" point of view, is the financial plan. This is where a calculator comes in handy, because you'll need to create a one- to five-year forecast based on the figures derived from your market research. The financial plan covers everything from cash flow and profit-and-loss to start-up and working capital, as well as establishing your break-even point.

Working capital is where a lot of new businesses fall down, explains Paterson, so this part of the plan is vital. You need to ensure, for example, that there will be enough money to cover supplies while you're waiting for payments. If you don't take these sorts of things into account, Paterson warns, "You can actually go broke, even though it's a successful business".

Secondly, says Paterson, you need to look at the operational plan. "What sort of structure are you going to set up? What are the local, state and federal government regulations?" You'll have to consider staffing and equipment requirements and work out what premises you'll need, she adds.

Finally, there is the marketing plan. Ask yourself: "What's the best way of marketing to target your customers?" It doesn't matter how fantastic your business is if no-one knows about it. This is where your initial market research will really help, because this is where you'll need to outline the strategies you will use to gain customers and their loyalty.

Once you have put all this together, Paterson recommends regularly reviewing your plan. As each element should be measurable, she says, you can “put your actuals against it and see if you’re meeting your targets”.

So that’s the business side of things, but what about the personal side? A truly successful business plan will take your personal life into consideration as well. “It’s the business side of your life,” explains Paterson. When you’re putting together your business goals, you should also be thinking about your personal goals because that will keep you motivated more than anything. And for Paterson, that is the key to a truly successful business plan. You have to consider “your drive, passion and attitude,” she says. “Without that, forget it.”

BREAKOUT BOX: Ten things every good business plan should have

1. Executive summary: An overview that appears at the very beginning of the plan.
2. Objectives and goals: What you and the business hope to achieve. These should be measurable.
3. Market research/analysis: Looks at the industry you’re entering and how you fit into it.
4. SWOT analysis: Identifies the strengths and weaknesses of your business and forecasts any opportunities and threats.
5. Marketing plan: Your strategies for attracting and keeping customers and dealing with growth and competition.
6. Operational plan: Focuses on the day-to-day operations of the business such as staff, equipment and work flow.
7. Management plan: Covers the running of your business – the management team and their skills and qualifications.
8. Business Structure: What form the business will take and why. For example, sole trader or proprietary company.
9. Financial Plan: How you’ll finance your business (costing, forecasting) and particularly important if you are using the plan to apply for a bank loan.
10. Action Plan: Lists specific tasks that will help you reach your goals. Assign priorities and deadlines to each so you can track and measure your success.