TheEntrepreneur's Guide to Financial Maturity®
StrategicPlanning for the Entrepreneur

If you are like many entrepreneurs, there is never a good time to write a business plan. There is always an excuse or rationalization as to why it is an unnecessary exercise. During good times, entrepreneurs feel empowered, they are making more money than they imagined, so why do a business plan. Most people heard the expression "if it ain't broke, don't fix it" and many entrepreneurs feel no differently. They do not see a need for a business plan or the need to update it, even if circumstances change.

During good times, many entrepreneurs feel immune to changes within their companies or industries. Entrepreneurs are often too busy making money, so the concerns are focused on delivering the goods or services promised ,not on taking the business to the next level or the financial infrastructure. During good times the inefficiencies, mistakes and mismanagement either go undetected or it takes a"back burner" to making money.

If circumstances change, such as slowing sales or slowing cash flows, then entrepreneurs often focus on generating income or collecting accounts receivables. Often entrepreneurs do not step back to determine if the circumstance or change is a short term issue or if it is a structural change within their company or industry. Often entrepreneurs look at patching a hole and not stepping back and rethinking the business, processes or other alternative approaches.

Many business associates are experiencing improved sales and are optimistic about their company's prospects for calendar year 2005. Since they were able to survive the difficult times, many of those entrepreneurs display a behavior of invincibility. Unfortunately many entrepreneurs fail to recognize many of the benefits of planning, i.e., making better decisions. They tend to work in the business rather than working on the business. They tend to be reactive, not proactive.

Many entrepreneurs have heard the expression, "if you do not plan to succeed, you are planning to fail" yet they fail to apply it to themselves. Without the appropriate planning entrepreneurs do not obtain the knowledge needed to operate their businesses. Alternatively, when entrepreneurs gain the knowledge, it comes with a much higher cost, such as:

- ➢ Lost opportunities
- ➢ Reduced profitability
- ➢ Loss of competitive advantage
- ➢ Monetary loss
- ➢ Credibility loss

Planning is extremely important to every company, no matter how large or small your company might be.

Some entrepreneurs look for perfection in a plan before they attempt to implement it. Unfortunately, information is incomplete and imperfect. We have to make decisions based upon the best information we have or can obtain within a reasonable time frame and cost. We must periodically reevaluate our decisions since circumstances change through each calendar quarter. That is why we update our plans as well as create benchmarks and accountability.

Vince Lombardi defined success as "success is when preparation meets opportunity." Therefore, it behooves every entrepreneur to prepare for opportunity. Preparation is the key to success! Outlined below are some of the components needed to advancing your journey to success.

YourPersonal Objectives:

As you develop your personal roadmap to success, an integral component of that roadmap is your business or whether you open a business. The first step in the process is assessing and understanding your current reality. Based upon your current circumstances you should establish firm, achievable goals. The goals should be specific and provide a time frame in which the goals will be achieved. The clearer your target, the more focused you can be at "hitting your target." These targets or objective should be "big picture" or personal objectives. A hypothetical example might be "I want to retire by the time I reach my50thbirthday, while maintaining my existing lifestyle and paying for my children's college and post graduate education."

Your Personal Strategic Plan:

Assuming the above is to be your goal, the first thing you would have to do is "inventory" your personal assets that will enable you to achieve your goal. These assets, may include your; savings, pensions, insurances, or company, must be allocated appropriately maintaining focus on your goal. Further, you should include certain intangibles such as your; passion, motivation, expertise, leadership capabilities and time as assets. It is your personal inventory that enables you to develop the roadmap to get you from point A to point B.

Once you develop your personal roadmap you must periodically track and review your progress and resources. If you fail to establish periodic goals and monitor them, you probably will not achieve your personal objectives and you will disappoint your primary customers, you and your family!

If you are like most entrepreneurs, the primary tangible resource you will use to achieving your personal goals will be your business. You should develop the business strategies that will enable you to achieve your personal objectives. If you feel that your business (or potential business) has the potential to help you achieve your personal goals, it makes sense to move forward. If you can not achieve your goal with the business as it is today, the next question is, "What can I do to change the business so it will enable me to achieve my goals?" If you and your team of advisors do not think you can achieve your personal goals with the vehicle you selected (your business or potential business), it might be time to reallocate your resources elsewhere.

Strategic/ Operational Objectives:

As an integral part of developing your strategic /operational plan, you and your management team will need to develop objectives in a wide array of disciplines such as:

- ➢ Sales
- ➢ Marketing/ Market Acceptance
- ➢ Branding
- ➢ Manufacturing

- ➢ Quality Control
- ➢ Distribution Channels
- ➢ Management
- ➢ Growth Rate
- ➢ Financial Stability
- ➢ New Product Development
- ➢ Exit Plan

Each one of these headings (as well as others) requires developing strategies and performance standards ("benchmarks")so that the team can measure whether they will achieve those objectives on an ongoing basis. If you can not measure it you can not manage it. In other words ,if you do not develop objectives, goals and benchmarks you can not manage your successes. If you are to achieve your personal objectives, it will not happen by accident. It will occur as a result of planning, implementing the plan and tracking your business's progress.

If you do not measure your progress, how do you know of you are "on target" towards achieving your goals. If you do not measure your progress on a regular basis, you may operate your business the same way you ran your business last month or last year, even if it is no longer effective. By creating accountability and tracking your progress you will make better business decisions, and be in a better position to know when to change strategies. A business owner's failure to measure will, generally, cause the business owner to take the same actions again and again.

<u>Tactics:</u>

Each strategic/operational objective is broken down into subcategories. After you have developed your strategic/operational objectives, the next step would beto create action plans that will enable you to achieve your desired results.

For example, if you were working on the marketing strategy and part of the strategy might include weekly advertising in newspapers and periodicals. If you have never used this medium, what steps would you need to take to creating the advertisement and getting it into the appropriate publications? The list of action steps you need to take inorder to meet your strategic objectives are your tactics.

It is by understanding your personal objectives, your strategies and tactics that you will be positioned and motivated in achieving your goals. By measuring your progress and maintaining your focus, you will be in a position to direct your resources in a manner consistent with your goals. Achieving your goals will not occur by accident, is the result of developing and implementing your plan..

P O Box 2365, Livingston, NJ 07039 MB@CreativeBusinessPlanning.com Tel : 973-736-2535 Fax : 973-736-1839