

The problem with conventional business plans

Why most business plans don't work and what to do about it

Michael Harrison

Where is your current business plan – still in the bottom drawer of your desk? How many of your employees have read it? And how many could admit to understanding or even remembering what it contains?

Too often business plans are created by a select few, publicised once and never referred to again. They are doomed to gather dust and become ineffectual as critical day-to-day activities demand attention.

The key to successful planning is to create a dynamic, living document that is in plain view for all to see.

Typically when I take on a new consulting assignment I find one or more of the following:

- Unclear management direction
- Planning for the moment vs. the future
- Indecision
- Resource turnover or qualification issues
- Judgement clouded by previous relationships
- Lack of understanding of the change cycle
- Constant pressure to increase sales

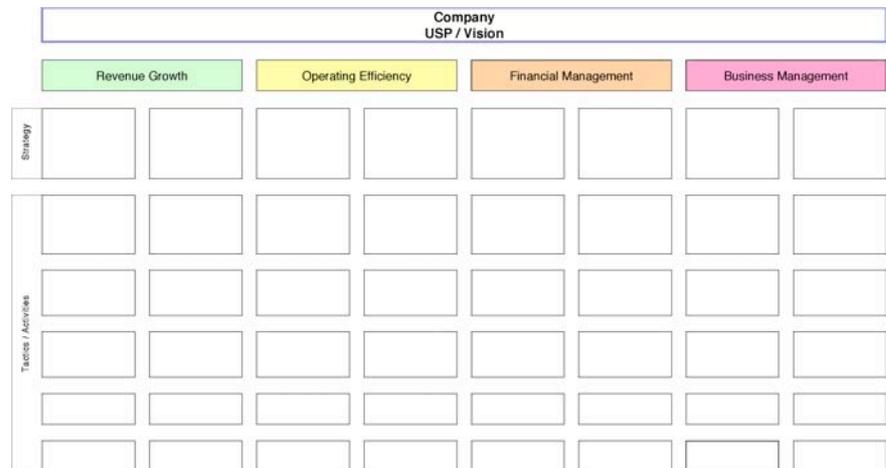
One of the best ways to get everyone moving in the same direction is through a process we have dubbed “VisualPlanning” where the final plan is created on one or two pages and is physically posted on the wall. It is literally – visual.

It can change the future of a business because it creates constant awareness and focus. It is available and accessible and is an ever-present reminder of the business direction and strategy for everyone in the company. The plan becomes easy

to explain and follow and it encourages the “buy-in” and commitment of every employee.

The purpose of any strategy discussion is to evaluate the current state of the business, agree to the company’s objectives, determine methods to achieve them, and to develop appropriate tactics and action plans, as well as determining metrics and measurement systems to evaluate progress.

The key to achieving this on one page is to engage in an introspective, in-depth analysis of your business under four headings – revenue growth, operating efficiency, financial management and business management.



Revenue Growth

Whilst revenue growth can come from new products or acquisitions, for most of us the preferred strategy is to retain and grow existing customers.

Customers are just like you! They want:

- Personalised service
- Individual recognition
- Genuine consideration and caring
- Ease of use and accessibility
- A clear explanation of products and service offerings

The question is – how will you provide your customers with what they want?

With a VisualPlan, the strategy to increase sales and revenue and make the customer the top priority is made clear to everyone who works with you.

Operating Efficiency

When is the last time your procedures and processes were reviewed? Do you have the right number of resources to not only keep your business going, but to grow? Can the employees grow with you? Are they doing the right jobs? Is your team adequately trained? Do they understand not only their jobs, but the larger picture? Or are people doing tasks because they've always been done that way – with no thought about how to perform more efficiently and effectively?

Another advantage of VisualPlanning is that it allows you to map out your process flow from front office to back office and then add key procedures to the plan. When there is a question about focus – it's up on the wall. No guessing. No trying to remember. It's there for everyone to see and follow.

Financial Management

Most small to medium businesses are so focused on their daily problems and demands, that if there was a financial plan chapter in the traditional business plan, it has long since been dwarfed by short term cash-flow issues, payroll and overdue receivables.

The future of your business can usually be found on your financial pages. A formal VisualPlanning session gives you dedicated time to extensively review projections and budgets, growth funding and receivables, income tax, IP,

asset management and most importantly, benchmarking criteria.

Business Management

Management skills and disciplines are often seen as the least significant, but can be the most important to the future of a business.

Sound planning should provide a forum for management to consider changing trends, technology and delivery systems; define and lead the culture; maintain priorities; investigate new markets for growth; develop metrics and consider compliance requirements.

When a VisualPlan is created, posted, discussed and referred to on a daily basis, every employee will understand your strategy for growth, your vision for operating more efficiently and the path to financial success. Once the plan is widely understood, it will guide and motivate your team to achievement.

2005	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sales Activities												
Marketing Activities												
Education Activities												
Other Activities												

Add the activity schedule (illustrated) and your team has a track to run on.

Save that bottom drawer of your desk for something else.

Michael Harrison is a business strategist who specialises in maximizing the value of your business.

A noted business speaker, author and consultant, Michael is the creator of the Mini Guide to Business series and the author of two books and numerous articles about business success and related topics.

This article offers an insight into some of the tools he uses to create meaningful business plans.

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