

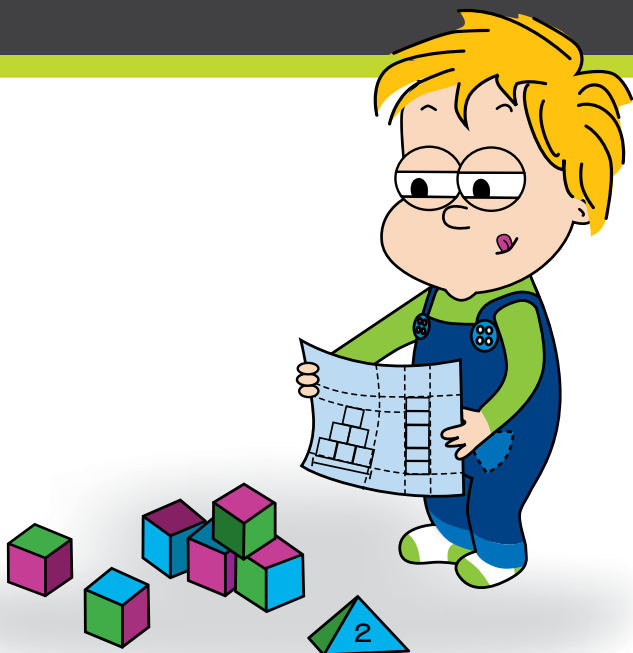
# TRUTH 2

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## About the Planning

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**A business without a plan achieves everything in it**



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## How is it going to get there?

*Napoleon: No battle plan ever survives  
the first contact with the enemy.*

The two statements above about planning seem to be contradictory. Yet both statements are true if you think about business planning not as the completed document, but the process of planning. What Truth 2 tells us is, that it is the work, the thinking and the time that is invested in developing the Plans that is essential to create a Healthy Bouncy Business. That is why Truth 2 is the second of the Primary Truths.

Planning creates the roadmap for a business: where it is going, what it will achieve, how and when it will achieve these things, and what you - the business owner - wants to get out of it.

**Planning needs time and considered thought.  
It requires that you step back from the day-to-day  
detail of working in the business to think,  
analyse, make decisions, monitor and plan  
changes - in other words, to work on the business.**

In planning for a Healthy Bouncy Business, decisions must be made about the strategies that you will use to get the business where you want it to be. In order to make these decisions you need to know what's going on in and around the business, and what is likely to impact the business - now and in the future.

One of the first steps to business planning involves analysing where the business is now, deciding where you want it to go and thinking about what the opportunities and hurdles are for it to get there. A classic tool to do this with is a SWOT analysis in which the Strengths, Weaknesses, Opportunities and Threats to and of the business are identified and analysed. A thorough SWOT analysis will also include consideration of the external environment in which the business operates. The economic, environmental, social and cultural factors that influence the business and its success. Although most of these external factors are outside of your control, planning your response to possible changes and developments in these external areas will allow you to be pro-active in your business decisions and activities rather than re-active.

A culture of pro-active decision making in a business is one of the greatest indicators for long term sustainable success.

There are no generally accepted definitions of what a business plan should look like, what it must include and what form it must be in. There are many different appearances a business plan can take, but the planning process usually results in some type of written or visual document setting out the goals, analyses and strategies for the business.

The first step in the planning process is to decide who the plan is for, and what the intended use of the plan is.

There are two distinctively different types of business plan: an external plan and an internal plan. An external plan is created to make a business case to a third party - such as a bank as part of a loan application or an investor to make a capital injection. An internal business plan is created to

drive strategy, focus and actions inside the business. It is the ultimate tool that is used throughout the business to set directions with, and to frame decisions.

The type of planning process you go through, and the plan that results, depends on how you will use it. An external plan will nearly always be created in a formal standardised structure, whereas an internal plan can take any form from a single page document to a whole ring binder with many different sections appropriate to all parts of the business.

The fact is that most business owners have avoided creating a business plan because they have an image of a formal business plan of many pages with ‘executive summaries’ and ‘market analyses’ and ‘PEST’ studies etc. That image is overwhelming, and so they just put it in the ‘too hard basket’. In the meantime they allow their internal critic to remind them at regular intervals that they ‘should’ start writing that business plan.

Planning doesn’t have to be daunting, though. What matters, is that you end up with a tool that helps you drive the business forward. In whatever shape works best for you.

The most extreme example of a ‘Very Short and Very Useful Business Plan’ is that of a friend of mine. Paul owns a successful painting and decorating company. His plan is the simplest I have come across. It is one page and it has three statements on it:

1. Local
2. By the book
3. Charge enough to do a good job

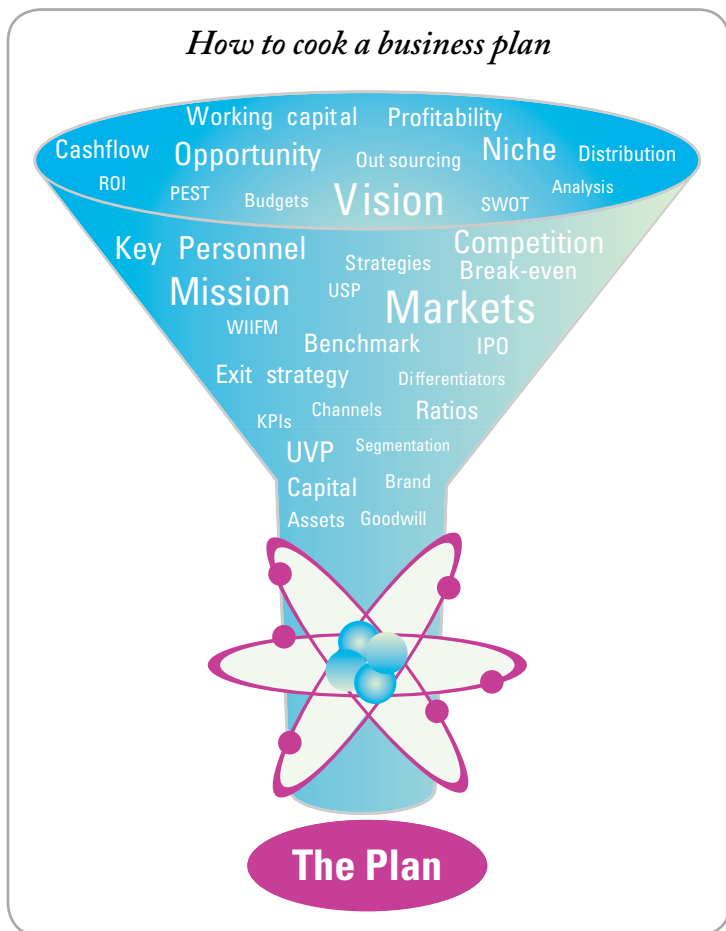
These three statements frame his direction and focus and give context to all decisions in the business, every day.

## **'Planning is guessing'**

Planning to raise a Healthy Bouncy Business is not about writing a document that is set in concrete. It is a big mistake to think of a plan as a finished, polished document that determines what the future is going to look like. We can't actually know what tomorrow will bring. At best, the plan will be an educated guess of what the future may be. Effective planning is therefore a continual process of keeping informed with internal and external issues. Ensuring the business is prepared, equipped and capable of taking up opportunities and managing threats in the future.

A business plan that works is a 'living' document, a copy of which is visible on every desk in the business. It has coffee stains all over it and notes scribbled in the margin. There is a process in the business for updating and reviewing the plan which all stakeholders in the business are involved in, as a minimum on a yearly basis.

A 'living' plan helps the business stay true to its Mission and Purpose (see Truth 1), while achieving what you want for it. With a 'living' plan, you have a tool for ensuring you raise a Healthy Bouncy Business.



## Mel's Bedtime Story

Once upon a time a long, long time ago in a land not unlike Australia... I worked with a small business owner called Mel, who owned a management and IT consulting firm. While working with me, Mel spent months creating her business plan for the next three years. Part of the planning process involved building an organisational chart around

her existing employees and the kinds of people she expected to employ in the foreseeable future. Given that Mel was a management consultant herself, she was very familiar with creating such charts. The result was impressive and looked perfectly suited for the future.

However, in the week after she completed her organisational chart an old friend and colleague of hers with a much smaller but similar business rang, and told her he was looking for a job. He no longer wanted his own practice and wanted to come on board with Mel in a senior capacity. And he was offering to merge his business into hers for a very reasonable price. The opportunity was very exciting and, handled correctly, would open up enormous potential for Mel's business.

Obviously Mel's business plan didn't and couldn't have foreseen anything like this. The brand new organisation chart instantly became so much scrap paper. However, because Mel had spent the time planning and really coming to grips with the different roles, responsibilities and deliverables within her organisation, she was able to quickly shuffle things around and sketch out a new chart with the proverbial 3B pencil on the back of her old chart. One conversation and 24 hours later Mel accepted her friend's offer. A month later the new structure was in place and humming.

Even though the original plan turned out to be fantasy, the process of planning and the attention Mel had given to the process allowed her to make quick and accurate decisions and move forward confidently.

And Mel lived happily ever after...

# Next Steps

As I mentioned above, a plan can be a single page document with a couple of critical statements on it, or it can be as big as a full ring binder.

The first step therefore is to decide what a truly useful plan would look like for your business. If you decide to create a plan that includes documentation about all the facets of the business - for all *Ten Truths* areas if you will - then this could be a good way to go about it:

1. Buy a new loose leaf binder and label it 'Business Plan' or 'Growth Plan' or 'My Business Future' or 'Directions' or something meaningful to you.
2. Collect all documentation of your business (in whatever form you have it), such as scripts for telephone answering, or lists of advertising and marketing channels. Procedures for changing the toner in the copier, financial budgets, old proposals to financial institutions for loan applications. Include checklists for order receipt or dispatch; for quoting or proposal writing. Add copies of standard quote and invoice forms, templates for letters of demand, team strategy documents.



3. Don't forget IT procedures, such as backing up or virus protection. Collect your marketing brochures and style guides from the designer who created your stationary. Add samples of your stationary, resources spreadsheets, scheduling documentation, etc.  
Include any tool you use to run the business.
4. Decide what kind and form of plan would be useful for your business at this stage.
5. Create a content page for your 'Business Plan' and put it in the folder. The content page might have headings in line with *The Ten Truths* aspects of Business Purpose, Planning, Control, Financial Management, etc.
6. Sort whatever documentation you have collected already into the appropriate section in the folder.
7. Create a list of the obvious gaps in the folder. You might find that you have lots of stuff in the 'Marketing' section but virtually nothing in the 'Sales' section, for example.
8. Decide where to go from here, create a plan and timeline for the project (a realistic one).
9. Start somewhere. It really doesn't matter... Pick the big thing first or pick 'the low hanging fruit' - just start somewhere.
10. Ask someone you trust: to work with you on it and keep you accountable to the project plan and timeline.

# Resources

- *The Ten Truths* Website: [www.thetentruths.com.au/resources/planning](http://www.thetentruths.com.au/resources/planning)
- Article – Business Planning Step by Step, from the NSW Government [www.thetentruths.com.au/Downloads/BusinessPlanning\\_basics\\_NSW\\_gov.pdf](http://www.thetentruths.com.au/Downloads/BusinessPlanning_basics_NSW_gov.pdf)
- Book – Jason Fried and David Heinemeier Hansson, “Rework” [www.amazon.com/Rework-Jason-Fried/dp/0307463745](http://www.amazon.com/Rework-Jason-Fried/dp/0307463745)
- Worksheet – Business Plan Template, from the Tasmanian Government [www.thetentruths.com.au/Downloads/businessplan\\_tas\\_gov.dot](http://www.thetentruths.com.au/Downloads/businessplan_tas_gov.dot)
- Worksheet – Extended SWOT Analysis: [www.thetentruths.com.au/Downloads/SWOT-extended.pdf](http://www.thetentruths.com.au/Downloads/SWOT-extended.pdf)

# Remember

Planning is about the work we do to create the plan, not about the actual document.

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