

Business Plan Basics

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Goals of Presentation

- Understand the importance of Business plans as part of Strategic Planning
- Equip you with some tools & ideas
- Encourage and motivate you to either begin the process or improve your existing process



What is a Business Plan?

- A plan for the future, seen from the past
 - Comprehensive
 - Strategic
 - Looks back and forward
 - Provides a long term view of short term decisions

Why do I need a Business Plan?

- *“Those who fail to plan, plan to fail”*
- It makes you stop and think about what you are doing
- May be needed to raise capital
- Provides focus
- Assists in tracking your progress

The Business Plan prescription in a Nutshell:



- Establish your MISSION STATEMENT
- Articulate your VALUES and VISION
- Set your GOALS and OBJECTIVES
- Develop your STRATEGIES
- Quantify & Test Feasibility of the Strategies
- Modify & Finalize the Strategies
- Execute the Plan (The Budget - The Tough Part)
- Assess the Results
- Repeat as Necessary

MISSION STATEMENT

“There is nothing so useless as doing effectively that which should not be done at all” Peter Drucker

- 50 words or less
- Answers the question
 - Who are you?
 - What is it that you do?
- Encompasses a commonly held belief

VALUES and VISION

“Strategic Planning is worthless . . . Unless there is strategic vision” John Naisbitt

- **VALUES:** A common set of beliefs and principles that guide your every activity
- **VISION:** A precise well crafted statement describing where you want to go or what you want to become

GOALS and OBJECTIVES

- GOALS: Broad based business results that you are absolutely committed to achieving
- OBJECTIVES: The guidance in how you reach your goals



GOALS and OBJECTIVES

- Don't set pie in the sky goals
- Don't sell your organization short
- Be careful what you aim for
- Beware of too many words and numbers
- Don't keep your goals and objectives secret

GOALS and OBJECTIVES

- Make sure your organization goals are closely tied to the mission
- Ambitious goals motivate: impossible goals only discourage
- Settle on objectives that are both achievable and measurable
- Communicate your goals and objectives to everyone in your organization

DEVELOP STRATEGIES

- Recognize your Critical Success Factors
 - Technology
 - Human Resources
 - Organization
 - Location
 - Marketing
 - Government Regulations

DEVELOP STRATEGIES

Take a close look at your customers

- Examine the demographics
- Understand their needs
- Determine their motives
- Understand how “customers” decide
 - Awareness
 - Interest
 - Evaluation
 - Trial
 - Adoption

DEVELOP STRATEGIES

- Take a close look at the competition
 - Identify who the competition really is
 - Get to know them
 - Determine their capabilities, their strategies
 - Assess where future competition will come from
- Does the competition have “YOUR” customers?
 - Is their customer profile the type of student that should be enrolled in your school?

DEVELOP STRATEGIES



- Prepare an honest self-portrait
- Use your SWOT analysis to help determine which strategies to implement

SWOT Analysis

- Strengths
- Weaknesses
- Opportunities
- Threats
- Capitalize on These
- Improve These
- Monitor These
- Eliminate These

SWOT Process

Strengths & Weaknesses

- Internal
 - Culture
 - Image
 - Organizational Structure
 - Key Staff
 - Operational efficiency
 - Capacity
 - Brand Awareness
 - Market Share
 - Financial Resources

Opportunities & Threats

- External
 - Customers
 - Competitors
 - Market trends
 - Partners
 - Social change
 - New technology
 - Economic Environment
 - Political / Regulatory Environment

RUN THE FINANCIALS

- Create a series of assumptions
 - Consistent
 - Realistic
 - Verifiable
- Draft your financial model

Is the Plan Feasible?

RUN THE NUMBERS !!!

- Define your assumptions
- Design a dynamic model
- Analyze the Cash Flow
- Extend the model as far as the vision extends – at least 3 years
- Update the model each year as actual results are achieved

Basic Model Layout

FY2009
Prior
Year
Actual

FY2010
Current
Year
Budget

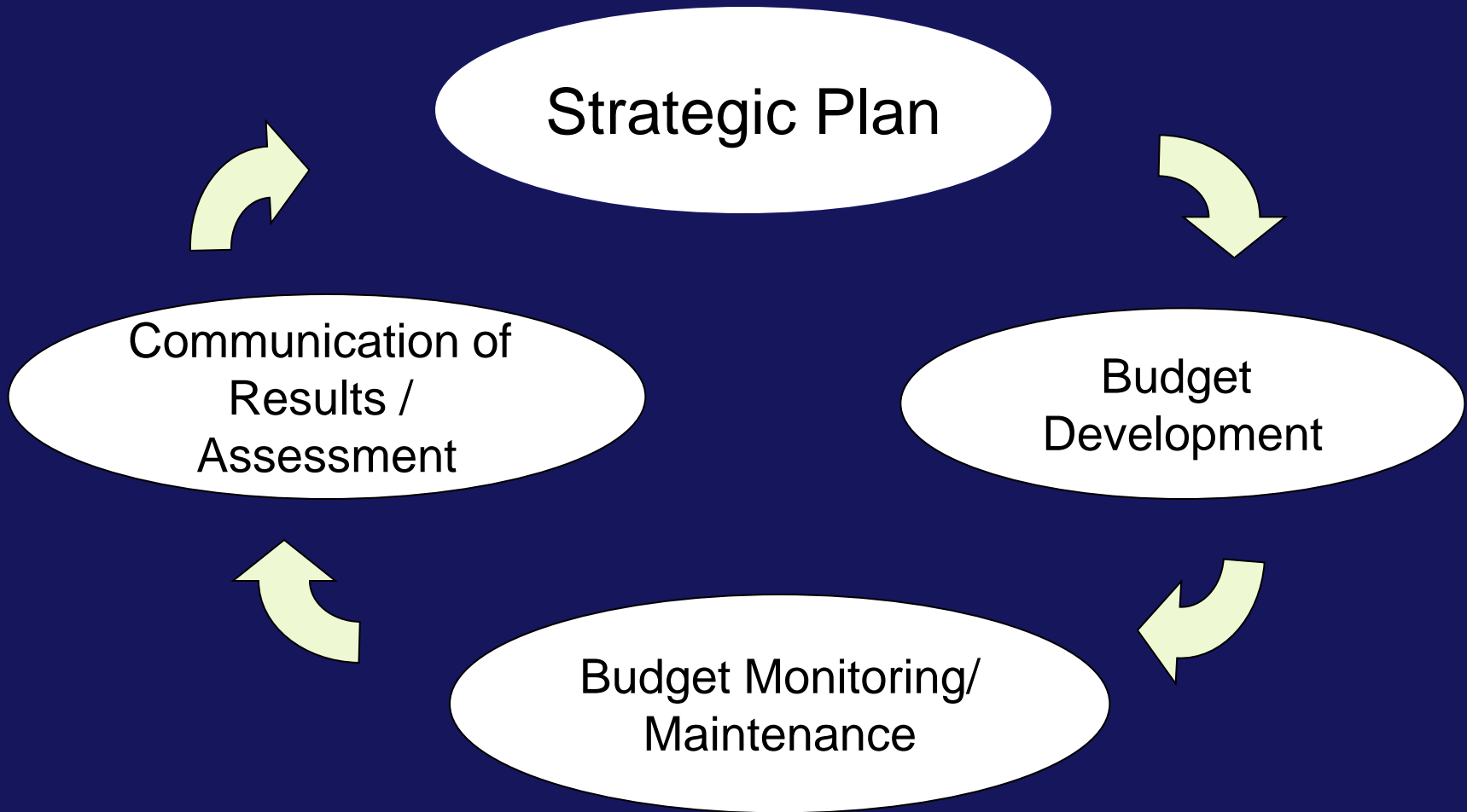
FY2010
Current
Year
Projected

FY2011
Strategic
Plan
Projection
Year 1

FY2012
Strategic
Plan
Projection
Year 2

FY2013
Strategic
Plan
Projection
Year 3

Budget Cycle



TAKE ACTION



It's all about the execution . . .

Who is going to do what, by when, and in what order

- Create Action Steps and assign accountability
- Be ready to deal with change
- Be ready to accept some risk
- Think Strategically
 - Demographic changes
 - Social Changes
 - Lifestyle Changes

Evaluate & Assess

- Look Back as you look forward
- Find Ways to continue to grow
 - Do what you do better
 - Use existing product in a new market
 - Use a new product in an existing market
 - Use a new product in a new market
- Include numerous methods for verifying and evaluating the implementation of the action plan
- “if you can’t measure it . . .you haven’t defined it sufficiently.

Evaluate & Assess

➤ Are goals and objectives being achieved?

Yes- Acknowledge & reward

No –Consider the following:

➤ Will the goals be achieved according to timelines – if not then why?

➤ Do deadlines need to be adjusted (WARNING)

➤ Do personnel have the resources needed

➤ Are the goals still realistic

➤ Should priorities be changed

➤ Should goals be changed

➤ What have we learned from the monitoring & evaluation process to benefit future efforts



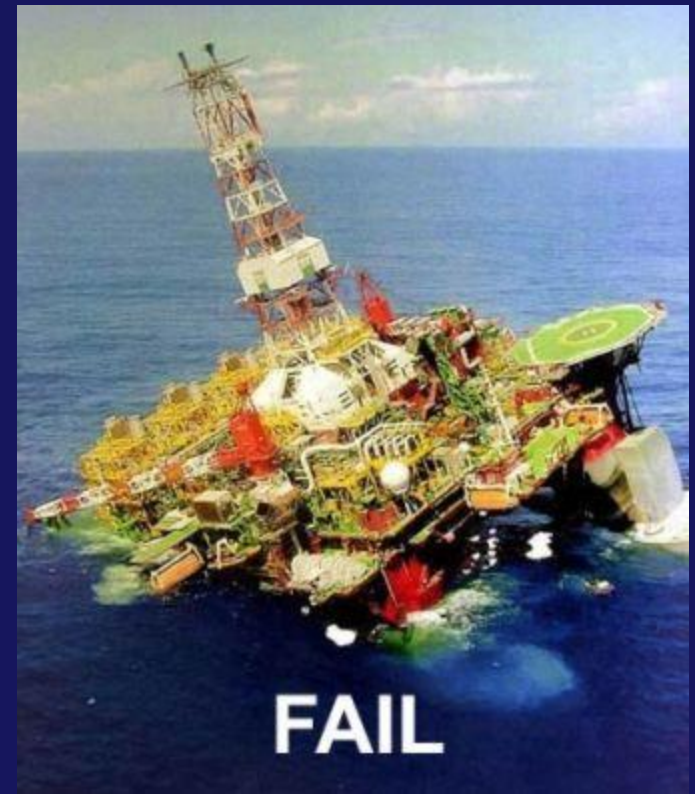
10 Things Your Plan Must Have

- Are your goals tied to your mission?
- Can you point to major opportunities?
- Have you defined your customers?
- Can you track your competitors?
- Do you know your strengths & weaknesses?
- Have you prepared for threats?
- Does your strategy make sense?
- Can you stand behind the numbers?
- Are you ready for change?
- Is your plan clear, concise & up to date?



10 “Never Evers”

- Failing to plan in the first place
- Shrugging off mission and vision
- Second-guessing the customer
- Underestimating the competition
- Ignoring your own strengths
- Mistaking a BUDGET for a PLAN
- Shying away from reasonable risk
- Allowing one person to dominate the plan
- Being afraid to change
- Forgetting to motivate and reward



Questions ?