



Nimble Business Planning

GROW NOW: A practical business planning
guide for small, medium and large businesses

Introduction

Business planning can be a long, slow and difficult process, and you often end up with a lengthy document that is quickly left on the shelf. Dust gathers as your business continues much the same as before. This manual aims to improve the efficiency of your business planning process and make it faster and more effective.

The focus of this guide is to help you develop business plans that are:

- Relevant to your business;
- Capable of really driving the desired results;
- Owned by you and your team; and
- Practical and implementable.

The basics of business planning are relevant to all businesses – irrespective of size, industry or location. So this guide can be used by small businesses owners, middle managers, business unit leaders and corporate executives. And it is relevant to retailers in Melbourne, manufacturers in Auckland, designers in New York, fund managers in London and builders in Sydney.

The guide is based on our **GROW NOW** model which aims to make your business planning as professional, effective and as simple as possible.

When should you start planning?

Logically, your business plan should coincide with your financial year.

Many companies start planning before the end of the current financial year to develop high level initiatives. Then the budgeting process commences to align numbers and incorporate the costs and (hopefully) additional income from the business plan initiatives. The business plan and budgets are then finalised in the last month or so before the start of the new financial year.

However, it's never too late to plan! If your financial year has started but you don't have a business plan – do it now!

GROW NOW

Our **GROW NOW** model is a simple four step process to develop your business plan, plus a final crucial step to drive implementation – where the rubber hits the road!

GROW NOW stands for:

1. Goals
2. Reality
3. Opportunities and options
4. What, when, who?
5. Now implement!



This business planning process is typically conducted over a couple of workshops including your senior team. The initial workshop covers the first three steps – Goals, Reality and Opportunities and options, plus assigning responsibilities to team members to develop action plans. The follow up workshop provides an opportunity to discuss the proposed action plans and agree ongoing responsibilities for delivery.

Step 1: Goals

The first step in developing your business plan is to clearly articulate what you are trying to achieve – your business goals and targets.

Understanding your timeframe is absolutely core to this step. Most business plans are developed with a 12-month timeframe in mind. They can be written for longer periods, but any longer than two years is probably not worthwhile. Longer term goals and initiatives should be contained in your business strategy. Your business plan period should coincide with your financial year so you can align your budgeting and expenditure.

The primary goal of any commercial enterprise is to increase profit. However, there are many ways to achieve this – increase income, decrease expenses, expand products or services sold, realise (or improve) economies of scale, etc. In contrast, not-for-profit and community focused organisations may have very different goals – for example they may want to increase the number of people they serve in the community, improve awareness of specific concerns, or reduce the incidence of particular events.

Whatever business you operate, the first step in creating your business plan is to clearly articulate your primary goal or goals, and make sure they are clearly stated and measurable. The S.M.A.R.T.A. framework is a useful tool to ensure your goal is articulated appropriately. S.M.A.R.T.A. stands for:

- Specific
- Measurable
- Achievable
- Relevant
- Timeframed
- Agreed

S.M.A.R.T.A. GOALS

Specific	Your goal must be clearly defined and focused. “Achieve total sales of \$50m in FY24” is better than “Sell more products”.
Measurable	You must be able to measure how you are progressing toward achieving your goal and when you have achieved it. “Sell 500 widgets per month” is measurable, but “Make more customers smile” probably isn’t!
Achievable	Your goal must be realistic and possible in the timeframe set. This shouldn’t stop you from setting a “stretch goal” – actually you should ensure the goal is tough – too easy is useless! However, if your goal is unrealistic, your team will not be engaged, and you can quickly lose focus. Balance is the key.
Relevant	The goal must be relevant to your business and what you are trying to achieve. You need to understand your core business and where you want to take it, then set a goal that will drive your ongoing progress and achievement.
Timeframed	Your goals must also be framed with a specific completion time in mind. This provides a stated point where you can assess whether or not you’ve been successful. Your overall time should coincide with your financial year.
Agreed	You must ensure your partners and /or senior team agree with the goals. Their engagement in helping to develop the goals and their agreement is crucial in driving their ongoing focus, commitment and motivation.

Step 2: Reality

Understanding your current reality is about reflecting on the performance and progress of your business and the environment or market that you work in. It must include both internal and external perspectives. You should utilise the skills, experience, and knowledge of your team to ensure you obtain as broad perspective as possible.

This is an important step to ensure you have an appropriate frame of reference for checking whether your goals are reasonable, and for developing initiatives to improve your competitive position and results.

The first step is to understand your market, your customers and your competitors. There are three primary questions that you must answer:

1. What market are you competing in?
2. Who are your customers?
3. Who are your competitors?

The second step is to analyse your current performance. The Balanced Scorecard can be useful to provide a framework to assist. For example, the following questions should be considered:

- Financial performance
 - How did you perform financially in the most recent period?
 - Did you achieve targeted income and profit? Why or why not?
 - Were your expenses on budget? Why or why not?
- Market / customer performance
 - What is your market share?
 - What do your customers think of you?
 - Who are your competitors and what do your customers think of them?
 - What are the key drivers of customer satisfaction and how do you rate on these factors relative to your competitors?

- Processes and systems
 - What processes are most important to increasing customer satisfaction?
 - Are your processes and systems efficient?
 - How do your processes and systems compare to your competitors?

- People
 - Has your staff turnover been acceptable?
 - What are the core skills required to increase customer satisfaction?
 - Are your staff appropriately trained in these core skills?
 - Is the frequency and severity of workplace accidents acceptable?

Each of these questions can also be used to analyse how your competitors are performing, which can provide insights into potential opportunities. Numerous tools have been developed to help you analyse your current situation. Some really helpful ones are:

- PEST Analysis (Political, Economic, Social, Technological)
- SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)
- Porter's Five Forces (Threat of new entrants, Power of Suppliers, Power of Buyers, Threat of Substitutes, Competitive rivalry)
- McKinsey 7S

Step 3: Opportunities and options

Given your current industry dynamics, market position and results, you now need to consider how you will achieve your goals.

The first step is to consider the large programs of work that will drive the desired results. Some common options and opportunities are listed below, with sub-sections to help you consider how they could be achieved.

- Increase income
 - Increase sales
 - Increase customer numbers
 - Upsell and cross sell
 - Increase prices
 - Broaden the product range
- Increase profit
 - Reduce costs (eg. Materials, people, etc.)
 - Increase efficiencies
 - Improve margin
- Improve customer satisfaction
 - Increase service
 - Introduce customer segmentation
 - Improve value (eg. Lower costs or increase perceived benefits)
- Improve processes
 - Automate
 - Increase staff skills and capabilities
- Increase team satisfaction and/or motivation
 - Improve team benefits or rewards
 - Provide training and development opportunities
 - Include promising team members in your business planning(!)

Your aim is to generate as many ideas as possible to help you achieve your goals. You need to consider the ‘gap’ between your current situation (ie. your ‘Reality’) and where you want to be (ie. your ‘Goals’) and articulate how you intend to move from your current situation to your desired situation.

One useful method of generating ideas is Brainstorming with your team and combining related ideas under broader headings.

Next, you need to agree what initiatives are most important considering both the short term and long term benefits – and then set your priorities. To agree on your business priorities you need to understand the benefits and difficulty of each initiative.

- **Benefits** are usually defined in terms of financial returns but can relate to other positives depending on your goals and targets. Often these benefits must be estimated initially.
- The assessment of **Difficulty** should include a variety of inputs such as:
 - Resources required (eg. financial investment and/or time);
 - Complexity (ie. how hard it will be to complete) and
 - Time period required to complete the initiative.

Finally, make sure your initiatives are S.M.A.R.T.A and stated in terms of an action – just use a verb!

Step 4: What, when, who?

The final step in the actual planning process is all about building the detail.

For each initiative you need to articulate the individual actions required to convert it from a good idea into reality. You also need to agree who will take responsibility for delivery of the initiative and a realistic timeframe for completion.

An easy method to complete this is:

- a) Assign responsibility or ownership of each initiative to a manager or senior team member. This is generally the person you see as key to successfully achieving this initiative. Alternatively, and depending on the size of your team, you can assign ownership to a small group and get them to work together.
- b) Each initiative owner is charged with developing a set of actions to achieve the initiative, along with detailing who should be responsible for each action and proposing due dates.
- c) The owner then presents their proposed actions and timelines to the team for review and to get a broader perspective. This allows you to develop a more robust action plan which everyone has contributed to.

When considering who takes responsibility for completing individual actions, it is crucial to understand their current workload to ensure they have the capacity to complete the additional tasks, and that the timeframes expected are reasonable.

As a final check, once again ensure that each initiative is action oriented (ie. that it contains a verb) and that it is S.M.A.R.T.A.

Step 5: Now implement!

Focused execution is critical to achieve your goals.

A few tips to keep your plan moving and relevant:

- Schedule a monthly team meeting to discuss “Progress to plan” or incorporate this item into current meetings. The attendees should include all initiative owners, who are given time to present what actions have been taken, any delays, and whether they need assistance.
- Incorporate an informal chat about progress with individual owners on a regular basis. This can be included in one-on-ones if these already occur.
- Schedule a quarterly or bi-annual review of the plan with all the participants of your workshops to review progress and discuss any changes that need to be made – additional initiatives to respond to an unanticipated development in the market, reassignment of responsibilities due to illness or workload, changing due dates for unforeseen reasons, etc.
- If a new challenge arises in the business or your market – such as a new aggressive competitor or a supply-side challenge – you may need to reconvene the team to consider how best to respond, which may then impact your entire plan or individual initiatives.

Teamwork is a key to success, so make sure you encourage open and honest communication among your team and leaders. These robust discussions will improve your ability to plan and successfully implement.

Tips to create great business plans

Develop a solid ‘factbase’

Any decision-making process should be based on facts. Developing a good understanding of your market, your competitors and your own business is no different. A ‘factbase’ is simply the information you gather about your business and the market you’re competing in.

Key inputs that are useful in developing your business plan include:

- Environmental analysis and market data
- Industry studies
- Financial performance and
- Customer opinions

An awareness of what is happening in your market is invaluable when considering your current performance and market opportunities. Obviously, another important source of data is your customers. They can provide insights into what you do well compared to your competitors and where you may need to improve.

Tailor the process to your needs and your business

No process is perfect for everyone. So, you should tailor these steps to your needs if required. For example, if you’ve created a business plan before, you should ask yourself questions like:

- What did we do well last time?
- What do we need to do better from last time?
- How was the previous plan used? Why?
- How can we improve the process?
- How can we improve the outcome and how the plan was used?

You should review the proposed process, the skills of yourself and your team, the resources at your disposal and the time available, then decide about how you’ll proceed.

Engage your team

Once your business plan is complete it needs to be implemented. And often you need to engage other people in your business to do it!

One imperative is to get people to buy in to the plan and to make them a part of it from the word ‘go’. If you engage other people in your business (eg. partners, managers, staff, etc.) early in the process you should realise several benefits and reap the rewards of more brainpower, and greater engagement and commitment, including:

- Broader understanding of the business and the market
- More ideas about how to effectively compete
- Wider range of options to consider
- Increased motivation to help the business succeed
- Ownership of the plan and their role to help make sure it is implemented effectively

Conduct lively workshops

Conducting a workshop or two with your team is a great way to stimulate discussion and generate ideas for the future. Most pieces of the business planning process can be easily included, with a typical agenda including:

- Current environment and business dynamics ie. Where are we now?
- Business goals and targets ie. Where do we want to be?
- Key priorities
- Strategies, objectives, and targets ie. How do we get there?
- Action planning

Workshops can be conducted over one or two sessions depending on the makeup of the team, the amount of analysis conducted prior and how much progress you are seeking.

But beware! If you decide to conduct workshops you must make sure you have someone who can effectively facilitate the discussion and the process. If you or someone in your team doesn’t have the skills or experience, you should consider engaging an external consultant to help.

Keep the plan alive

Your business plan is only as good as the effort you put into building it and following through with the actions you've developed.

To keep your plan alive, you and your key staff need to be referring to it regularly and monitoring your progress. So 'Progress to plan' should be included in your regular reporting regimen and your regular meetings. A brief report on what has been achieved and the next steps for a particular action or set of actions provides an update to other stakeholders and an opportunity to discuss what is being done and why.

However, the world and your business environment is an uncertain place! Things don't always go to plan... you might win or lose an important contract, a key employee may get sick or leave, you may experience a loss or a fire, or simply the amount of incoming work may distract attention and resources from the agreed action plan. So, you have to make sure you are flexible and adaptive in your initial planning and subsequent reviews. If your actions and objectives are not being achieved you may need to change your plan, adjust your deliverables, dates or assigned resources, or... adapt to a market threat or opportunity.

Get help!

We're all busy and we all have different skills and experiences. As a business owner or manager, you are unlikely to have all the skills required to effectively running a robust business planning process - research and analysis, articulating strategic direction, effectively engaging staff, facilitating brainstorming and action development sessions, etc.

Everyone can build a strong business plan, but it makes sense to get help if needed. There are some excellent consultants available who can assist your business planning efforts, and provide a variety of services depending on the consultant and your needs. Just be careful - many consultants are expensive and may not deliver what you need! However, it makes sense to involve a business planning professional and/or expert facilitator to help.

About Nimble Business Solutions

Nimble Business Solutions works with you to build and articulate your strategies and plans, help you solve problems, prioritise initiatives and secure new opportunities. When we help you, we provide tools and focus on developing your skills and capabilities along the way. We want to work with you and help you achieve success now and in the future.

Our Managing Director, Anthony Cooper has over 20 years' experience in strategy development and business planning. His broad experience across retail, product and service manufacturing, project management, partnership development, distribution, portfolio management, operations and leadership has provided unique insights into the best practices of business planning and the pitfalls of poor planning and execution.

Anthony developed the **GROW NOW** model to help organisations improve their business planning processes and to ensure implementation of their plan effectively drives the achievement of business goals.

Anthony has worked in a variety of roles within small and large organisations, including senior management positions in top 25 ASX listed companies. Anthony holds a Bachelor of Commerce majoring in Marketing, and a Masters of Business Administration (EMBA, AGSM).

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