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Counselors to America's Small Business

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Planning Your Business

"The plan is useless. But the planning is essential."



Business Success Seminar

Allow Me to Introduce Myself

• Tim Berry



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<http://planasyougo.com>



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My Blogs

Planning Startups Stories
Tim Berry on business planning, starting and growing your business, and having a life in the meantime

<http://timberry.bplans.com>

Up and Running:
Starting your business with growth in mind

<http://upandrunning.entrepreneur.com>

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Related Websites

- **www.paloalto.com**
- **www.bplans.com**
- **timberry.com**
- **Planasyougo.com**

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1. Fundamentals
2. The Heart of the Plan
3. Flesh and Bones
4. Dressing and Growing

Business Planning, Section 1:
FUNDAMENTALS

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1. It's About Results



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2. Form Follows Function



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Form Follows Function



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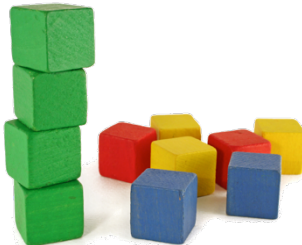
Not the Old Standby

Necessity

- Executive Summary
- Company
- Product or Service
- Market Analysis
- Strategy and Implementation
- Management Team
- Financial Projections



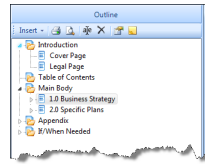
Blocks. Modules



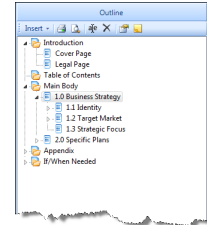
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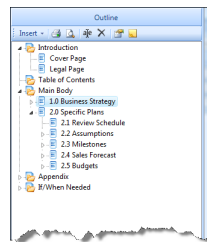
Do Only What You Need



Do Only What You Need



Do Only What You Need



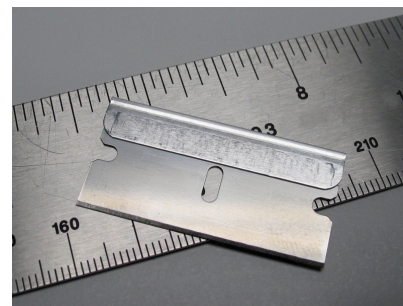
Separates Plan from Background



3. Planning is Management



Metrics & Tracking



4. Planning Manages Change



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5. Planning not Accounting



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Pop Quiz, With a Prize



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Who Said This First?

"The plan is useless, but planning is essential."

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5 Planning Fundamentals

1. It's About Results
2. Form Follows Function
3. Planning is Management
4. Planning Manages Change
5. Planning Is Not Accounting

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1. Fundamentals

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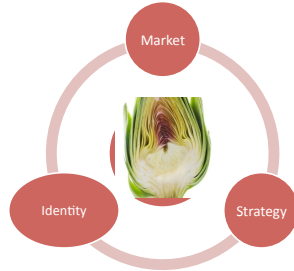
Business Planning, Part 2:

THE HEART OF THE PLAN

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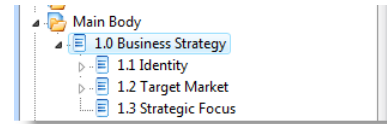
Enmeshed: Chicken, Egg, and, er, Rooster?



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The Heart of the Plan



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Your Business Identity



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Study the Mirror



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Core Competence



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Your Specific Keys to Success



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SWOT



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Market Who and Why



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Profile Your Ideal Customer



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Tell the Story



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Target Needs and Wants



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Divide & Conquer



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Strategy is Focus

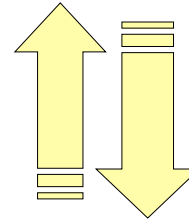


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Strategy is Focus

The more
priorities or
key points
included...



The less likelihood
of
implementation...

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Focus
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Strategy Is Tailored



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Tough Decisions



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Understand Displacement



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Knobs You Can Turn



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Pop Quiz, With a Prize



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Who Said This?

"I don't know the secret to success; but I do know that the secret to failure is trying to please everybody."

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Business Planning, Part 3:

FLESH AND BONES

1. Fundamentals

2. The Heart of the Plan

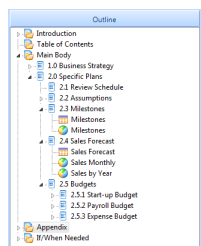
3. Flesh and Bones

4. Dressing and Growing

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Action Plan: What? When?



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Do the Review Schedule First



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Identify Important Assumptions



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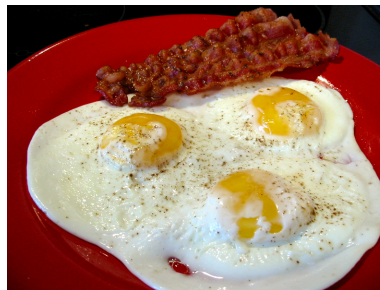
Develop Metrics



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Match Tasks to Owners



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Milestones Make a Plan Real

Milestone	Start Date	End Date	Budget	Manager	Department
Corporate Identity	12/1/2006	12/17/2006	\$10,000	TJ	Marketing
Seminar implementation	1/1/2007	1/10/2007	\$1,000	JR	Sales
Business Plan Review	1/2/2007	1/11/2007	\$0	RJ	GM
Upgrade mailer	1/2/2007	1/17/2007	\$5,000	JR	Sales
New corporate brochure	1/2/2007	1/17/2007	\$5,000	TJ	Marketing
Delivery vans	1/1/2007	1/25/2007	\$12,500	SD	Service
Direct mail	2/2/2007	2/17/2007	\$3,500	JR	Marketing
Advertising	2/2/2007	2/17/2007	\$115,000	RJ	GM
X4 Prototype	2/1/2007	2/25/2007	\$2,500	SG	Product
Service revamp	2/1/2007	2/25/2007	\$2,500	SD	Product
6 Presentations	2/2/2007	2/25/2007	\$0	JR	Sales
X4 Testing	3/1/2007	3/5/2007	\$1,000	SG	Product
3 Accounts	3/1/2007	3/17/2007	\$0	SD	Sales
130 Prototype	3/1/2007	3/26/2007	\$2,500	PR	Product
Tech95 Expo	4/1/2007	4/12/2007	\$15,000	TB	Marketing
VP S&M hired	6/1/2007	6/11/2007	\$1,000	JK	Sales
Mailing System	7/1/2007	7/25/2007	\$5,000	SD	Service
Totals			\$101,500		

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Forecast Your Sales



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Sample Sales Forecast

Qtr	A	L	M	N	O	AD	AE
16	Sales Forecast						
17	Unit Sales						
18	Oct	Nov	Dec	2009	2010	2011	
19	Wholesale	265	187	285	2,637	3,428	4,456
20	Wholesale	530	374	570	5,274	7,294	8,912
21	Other	0	0	0	474	230	172
22	Total Unit Sales	795	561	855	8,384	11,332	15,366
23	Unit Prices						
24	Oct	Nov	Dec	2009	2010	2011	
25	Wholesale	\$35.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
26	Wholesale	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
27	Other	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
28	Total Sales	\$6,625	\$4,675	\$7,125	\$65,922	\$85,698	\$111,408
29	Wholesale	\$26,500	\$18,700	\$28,500	\$263,700	\$369,180	\$516,852
30	Wholesale	\$0	\$0	\$0	\$6,720	\$5,025	\$5,713
31	Total Sales	\$33,125	\$23,375	\$35,625	\$334,352	\$460,081	\$633,983
32	Direct Unit Costs						
33	Oct	Nov	Dec	2009	2010	2011	
34	Wholesale	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25
35	Wholesale	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50
36	Other	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
37	Direct Cost of Sales	\$1,856	\$1,359	\$1,781	\$16,480	\$21,425	\$27,852
38	Wholesale	\$9,275	\$6,545	\$9,975	\$92,295	\$129,213	\$180,898
39	Other	\$0	\$0	\$0	\$1,892	\$7,081	\$2,289
40	Subtotal Direct Cost of Sales	\$10,931	\$7,714	\$11,756	\$110,667	\$152,719	\$211,639

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Forecast From Recent Past



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Expense Budget

	Jan	Feb	Nov	Dec	Year 1
Payroll	\$12,000	\$12,000	\$27,250	\$27,250	\$194,750
Advertising	\$13,500	\$13,500	\$13,500	\$13,500	\$162,000
Leases	\$500	\$500	\$500	\$500	\$6,000
Utilities	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Insurance	\$300	\$300	\$300	\$300	\$3,600
Rent	\$1,500	\$1,500	\$1,500	\$1,500	\$18,000
Payroll Tax	\$1,680	\$1,680	\$3,815	\$3,815	\$27,265
Other	\$0	\$100	\$200	\$300	\$1,000
Total	\$30,480	\$30,580	\$48,065	\$48,165	\$424,615

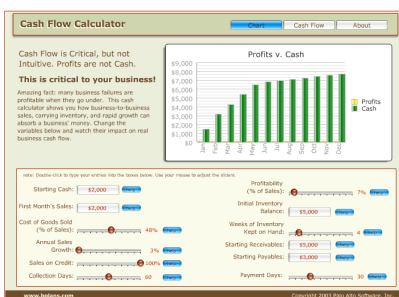
Estimate Payroll

Personnel Plan	Jan	Nov	Dec	Year 1	Year 2
Partners	\$12,000	\$12,000	\$12,000	\$144,000	\$175,000
Consultants	\$0	\$0	\$0	\$0	\$50,000
Editorial/graphic	\$0	\$6,000	\$6,000	\$18,000	\$22,000
VP Marketing	\$0	\$5,000	\$5,000	\$20,000	\$50,000
Sales people	\$0	\$0	\$0	\$0	\$30,000
Office Manager	\$0	\$2,500	\$2,500	\$7,500	\$30,000
Secretarial	\$0	\$1,750	\$1,750	\$5,250	\$20,000
Other	\$0	\$0	\$0	\$0	\$0
Total People	3	7	7	7	14
Total Payroll	\$12,000	\$27,250	\$27,250	\$194,750	\$377,000

Startup Plan

Start-up Plan	
Requirements	
Start-up Expenses	
Legal	\$1,000
Stationery, etc.	\$3,000
Brochures	\$5,000
Consultants	\$5,000
Insurance	\$250
Expensed Computer Equipment	\$3,000
Other	\$1,000
Total Start-up Expenses	\$18,350
Start-up Assets	
Cash Required	\$25,000
Other Current Assets	\$7,000
Long-term Assets	\$0
Total Assets	\$32,000
Total Requirements	\$50,350

Cash Traps



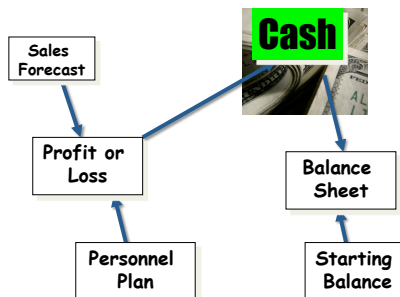
Form Follows Function



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Plan Cash Flow



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Dress It As Needed



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The Formal Plan



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The Formal Plan Document



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Plan vs. Actual

			Jan			Feb		Mar	
Unit Sales			Unit Sales						
Meals	779	1,053	Meals	33	(140)	(55)			
Drinks	390	527	Drinks	(111)	(112)	138			
Other	20	20	Other	47	36	101			
Total Unit Sales			Total Unit Sales			(31)		184	
Unit Price			Unit Price			Jan		Feb	
Meals	812		Meals	\$3.96	\$2.85	\$4.84			
Drinks	279		Drinks	\$0.45	\$0.63	\$0.51			
Other	67		Other	(\$2.51)	(\$1.59)	(\$0.89)			
Sales			Sales						
Meals	Unit Pri	Jan	Meals	\$3,711	\$502	\$6,193			
Drinks	\$18.96		Drinks	(\$96)	\$37	\$730			
Other	\$2.45		Other	\$302	\$271	\$902			
Total Sale			Total Sales			\$3,916		\$810 \$7,826	
Sales			Sales						
Meals	\$15,396	\$16,297	\$28,768						
Drinks	\$684	\$1,091	\$2,236						
Other	\$502	\$471	\$1,102						
Total Si			\$16,581	\$17,859	\$32,107				

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Business Plans Are Always Wrong



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... but Vital



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A Good Business Plan is Never Done



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