



## Planning Your Business

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

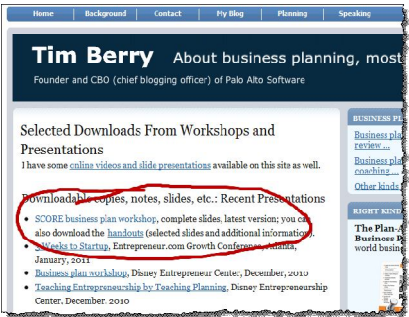
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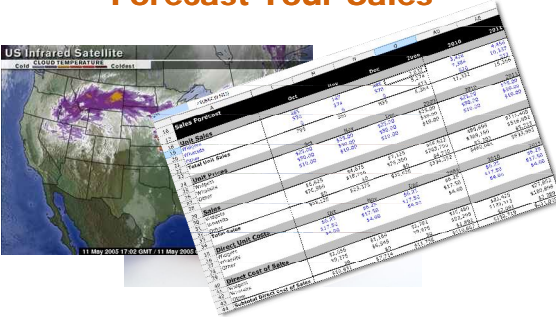
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## Forecast Your Sales



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## Sample Sales Forecast


	Oct	Nov	Dec	2009	2010	2011
<b>Unit Sales</b>						
Widgets	265	187	285	2,637	3,428	4,456
Whistles	530	374	570	5,274	7,384	10,337
Other	0	0	0	0	500	571
<b>Total Unit Sales</b>	795	561	855	8,384	11,332	15,364
<b>Unit Prices</b>						
Widgets	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Whistles	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00
Other	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
<b>Sales</b>						
Widgets	\$6,625	\$4,675	\$7,125	\$65,925	\$85,698	\$111,408
Whistles	\$26,500	\$18,700	\$28,500	\$263,700	\$369,180	\$516,852
Other	\$0	\$0	\$0	\$0	\$5,000	\$5,711
<b>Total Sales</b>	\$33,125	\$23,375	\$35,625	\$319,625	\$460,081	\$633,971
<b>Direct Unit Costs</b>						
Widgets	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25	\$6.25
Whistles	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50	\$17.50
Other	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
<b>Direct Cost of Sales</b>						
Widgets	\$1,656	\$1,169	\$1,781	\$16,480	\$21,425	\$27,857
Whistles	\$9,275	\$6,545	\$9,875	\$92,250	\$129,213	\$180,896
Other	\$0	\$0	\$0	\$0	\$2,000	\$2,289
<b>Subtotal Direct Cost of Sales</b>	\$10,931	\$7,714	\$11,756	\$110,067	\$152,719	\$211,042

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## Forecast From Recent Past



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1. Fundamentals


2. The Heart of the Plan

3. Flesh and Bones

4. Dressing and Growing

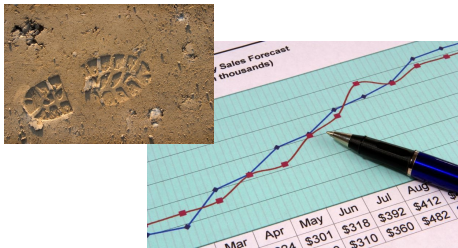
Business Planning, Section 1:

## 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

*Not the Old Standby*

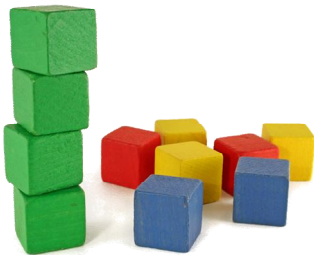
- Executive Summary
- Company
- Product or Service
- Market Analysis
- Strategy and Implementation
- Management Team
- Financial Projections




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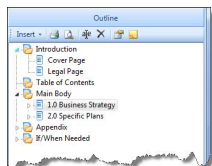
## Blocks. Modules



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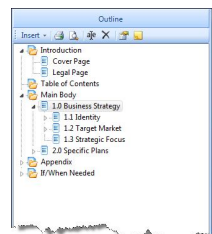
## Do Only What You Need



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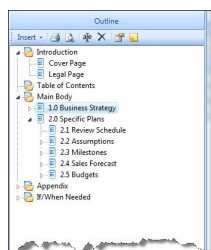
## Do Only What You Need



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## Do Only What You Need



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## Separates Plan from Background



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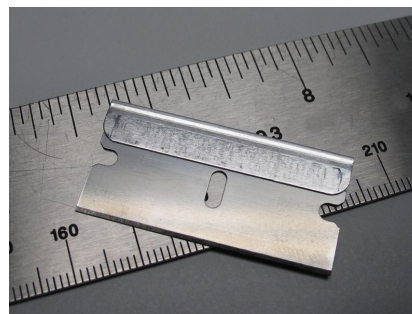
## 3. Planning is Management



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## Metrics & Tracking



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#### 4. Planning Manages Change



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#### 5. Planning not Accounting



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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


2. The Heart of the Plan

3. Flesh and Bones

4. Dressing and Growing

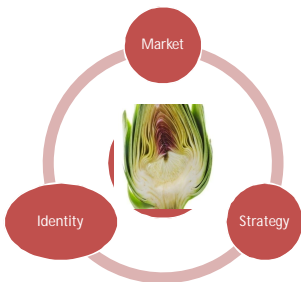
Business Planning, Part 2:


## THE HEART OF THE PLAN

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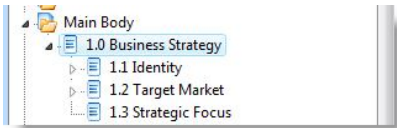
## Enmeshed: Chicken, Egg, and, er, Rooster?




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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

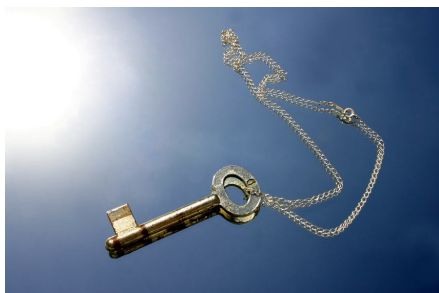


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## Your Specific Keys to Success



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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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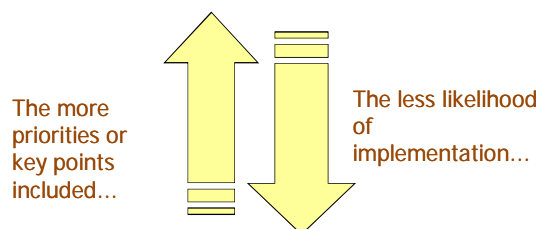
## Strategy is Focus



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## Strategy is Focus



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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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## 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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1. Fundamentals

2. The Heart of the Plan

3. **Flesh and Bones**

4. Dressing and Growing

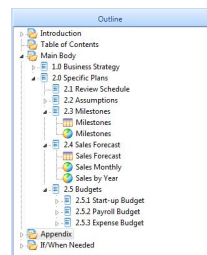
Business Planning, Part 3:

## FLESH AND BONES

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## Action Plan: What? When?



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## Do the Review Schedule First



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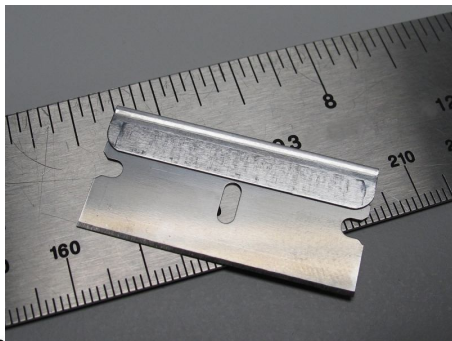
## Identify Important Assumptions



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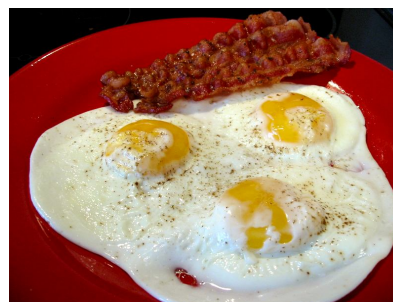
## Develop Metrics



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## Match Tasks to Owners



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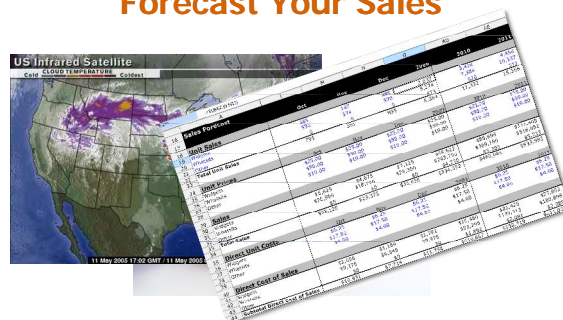
## Milestones Make a Plan Real

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	JP	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	SJ	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	2/26/2007	\$0	JR	Sales
X4 Testing	3/1/2007	3/6/2007	\$1,000	SG	Product
3 Accounts	3/1/2007	3/17/2007	\$0	SD	Sales
L30 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
<b>Totals</b>			<b>\$181,500</b>		

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## Forecast Your Sales



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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
<b>Total</b>	<b>\$30,480</b>	<b>\$30,580</b>	<b>\$48,065</b>	<b>\$48,165</b>	<b>\$424,615</b>



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## 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
<b>Total People</b>	<b>3</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>14</b>
<b>Total Payroll</b>	<b>\$12,000</b>	<b>\$27,250</b>	<b>\$27,250</b>	<b>\$194,750</b>	<b>\$377,000</b>



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## Startup Plan

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

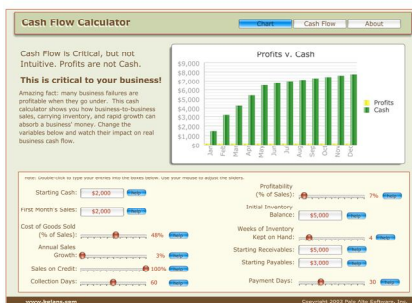


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## Cash Traps



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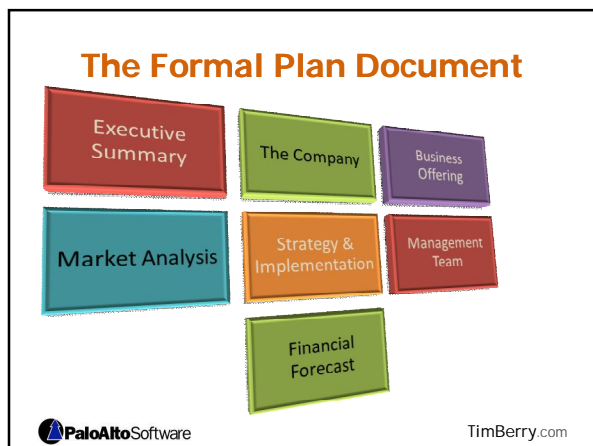
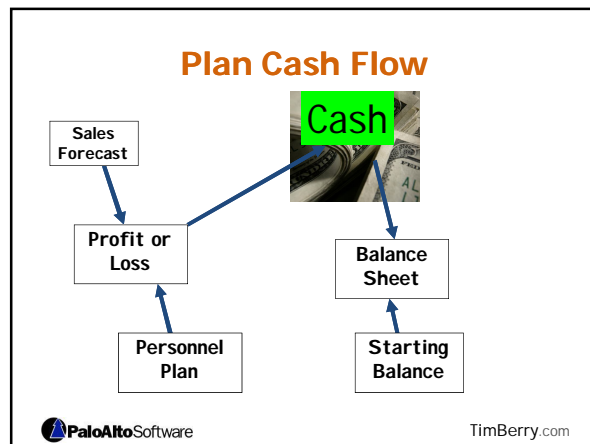
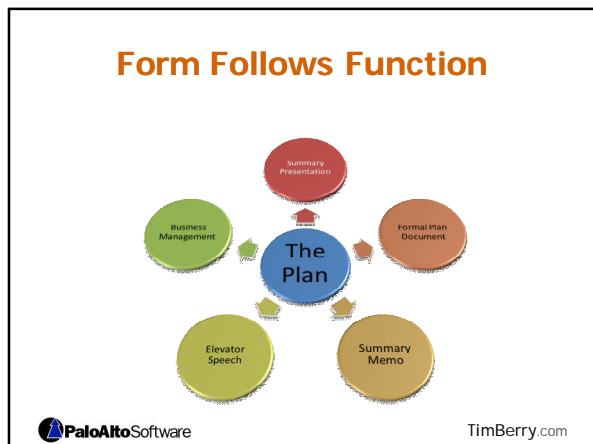
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Business Planning Part 4:

## DRESSING AND GROWING



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### Plan vs. Actual

		Jan	Feb	Mar
<b>Unit Sales</b>				
Meals	770	33	(140)	(55)
Drinks	390	(111)	(112)	138
Other	70	47	36	101
<b>Total Unit Sales</b>		(31)	(216)	184
<b>Unit Price</b>				
Meals	\$12	\$3.96	\$2.85	\$4.84
Drinks	279	\$0.45	\$0.63	\$0.51
Other	67	(\$2.51)	(\$1.59)	(\$0.89)
<b>Total Unit Price</b>				
Meals	1,158	\$3,711	\$502	\$6,193
Drinks		(\$96)	\$37	\$730
Other		\$302	\$271	\$902
<b>Total Sales</b>		\$3,916	\$810	\$7,826
<b>Sales</b>				
Meals	\$15,396	\$16,297	\$28,768	
Drinks	\$684	\$1,091	\$2,236	
Other	\$502	\$471	\$1,102	
<b>Total Sales</b>	\$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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### My Email

[tberry@paloalto.com](mailto:tberry@paloalto.com)

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### Related Websites


- [www.paloalto.com](http://www.paloalto.com)
- [www.bplans.com](http://www.bplans.com)
- [timberly.com](http://timberly.com)
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