

Business Planning Tips

SmartCompany.com.au has compiled the following list of top business planning secrets from successful entrepreneurs and business experts.

Scenario planning

Run a series of forecasts for the next two years. A business-as-usual scenario, for example, might have flat growth. Then impose other scenarios on the business plan, like a 10% drop in revenue and a 20% increase in input costs as a result of a stronger Australian dollar.

The reason for doing that is that it allows the business decision maker to look at his business under a range of scenarios, none of which he can guarantee are going to happen. What it does allow him to do though is then actually identify the trigger points in his monthly reporting as he goes through the year.

(John Downes, Deloitte)

Talk to your customers

The key place you can get information for your business plan from is from speaking to your customers and suppliers and actually having the heart-to-heart conversation with them about what's actually happening in their business and how is their business going.

If you have two or three key suppliers, or two or three key customers, then you need to be having those same conversations, just the same way you would be having those conversations with your bankers.

(John Downes, Deloitte)

Go weekly

If you are just doing your balance sheet every three months then you are not close enough to your business. Yes, you can calculate how much GST you need to remit and how much tax you need to remit, but you are not all over your business, you don't know it as well as you need to know it.

You need to have the Key Performance Indicators (KPSs) each week, have the monthly financials done pretty promptly after month's end, and then analyse the financials by comparing the actuals with your budget and saying, here is what we did well and here is what we didn't do well.

(Michael Griffiths, Prosperity Advisers)

Setting sales targets

A part of any good business plans is clear sales targets. Look at the numbers to decide what you have to do. If you need X amount of revenue, then look at what your average sale is, and out of that ask how many sales you need to make each year, how many prospects do you need to talk to for sales and ask how many people you need to contact.

You need to look at details. Know what markets you need to be targeting. Who do you need to be in front of, and how often do you need to do that?

(Sue Barrett, The BARRETT Group)

A constant evolution

A business plan is essential, but make it flexible and constantly evolving. Sometimes you just have to act and see what happens. And whatever you think starting a business will cost in terms of money and time... triple it.

(Anthony Moorhouse, founder of Dynamiq)

Turning your plan into actions

Planning time was coming around again and we wanted to be sure that this year the business actually made some headway. Here are some of my suggestions:

Split the annual plan into quarterly plans together with quarterly goals and quarterly priorities. The quarterly priorities are the key initiatives you are going to work on that quarter.

Allow your business only three quarterly priorities; a maximum of five if you really can't whittle them down. Granted, limiting the priorities down to three is not easy, but the process of choosing the three will ensure your business is focusing on the right things.

Pick a top priority, the number one initiative that gets done no matter what. Yes, it's tough to pick just one but the very act of making such a decision will underpin your success.

Hold one person accountable for each priority. Often a management team will decide that more than one person is "accountable" for a priority; it doesn't work - when more than one person is accountable, no one is.

(Julia Bickerstaff, Butterfly Coaching and The Business Bakery)

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