

YOUR BUSINESS PLANNING IS CRITICAL

Business planning is critical for all companies to succeed long term. In the early years of business development small businesses can get by with seat of their pants planning. Some small startup businesses fail to launch spending too much time on perfecting their plan prior to engaging in their business. A great business plan without any activity will lead to premature failure.

As your business matures it will require more thoughtful focus and multi-year planning. Items you need to plan for include:

1. Projected capital needs - Do you have enough capital on hand to execute your plans? Is there a need to establish a line of credit? Have you considered scheduled useful life of your equipment needed to operate the business? Establishing a capital reserve for known future replacement items helps establish your working capital needs.

2. New positions to add - Avoiding the Peter Principal of promoting people above their competency level requires you to review your staff annually. Do you have the right folks with the skill sets and specialization needed for your business this year, next year, or 3 years from now? As your company grows you will need staff members that can grow with you and that have experience at the levels your business aspires to reach.

3. Expansion planning - Is your business model or product sufficient? Do you need to expand into other complimentary areas within your industry? Geographical expansion? Asking these questions can uncover new business opportunities.

4. Strengths - Identifying what your company does best is critical for you to know where to invest for the future. If you are particularly strong in a market, that should be where your capital and time is spent.

5. Weaknesses - Acknowledging areas of weakness is the only way to begin to take actions to improvement in those areas. Sometimes eliminating products or services that you are not good at providing is the smartest thing you can do. It frees up capital, time and focus for the areas where your business is succeeding.

6. Competition - What is your competition doing and are there any disruptors entering your market? Think about the cell phone's impact on land line providers or Netflix's impact on cable and movie rental services. Are there obvious threats to your business and how do you stack up to the competition? These are the areas you have to focus on because if your customers are migrating to a new business model you need to be aware and adapt to remain relevant. Remember the days when you went to a local travel agent to get your plane tickets?

There are plenty of planning guidelines available for businesses to use. I choose to focus on KPI's (Key Performance Indicators) and review monthly. Many of the answers to the above questions come from reviewing our monthly management reports. It's never too early to start planning for 2017 and, depending on your industry; you may need to add some of your own industry-specific questions.