

# **Business Planning Basics**

## **Ten Tips to Success**

**As published in the California Society of Certified Public Accountants – Channel Counties Chapter Bulletin – September 2001**

Every business should have a plan. This is a basic tenant of Business 101. We all know it, but we don't always do what our business college professors have taught us. A good plan makes the business purposeful and directed. It is not enough to know this: if a business is to be successful, this must be applied.

My experience has shown me that many small to medium sized businesses do not have such plans, and if they do, the plans have not been updated since the original bank financing was obtained. The following is a practical refresher course in establishing an effective business plan.

1 - An effective business plan must be in written form and must be shared with all participating parties.

2 - The purpose of a good plan is to set forth the corporate goals. Be sure your plan clearly articulates this. If necessary, call in an objective third party to help in the formulation of these goals.

3 - It should be uncomplicated. Sometimes the mere thought of developing a business plan is overwhelming, consequently it is never undertaken; so keep it simple.

4 - The goals set forth in the plan should be realistic, direct, and measurable. Ambiguous or subjective goals do not suit the purpose.

5 – Be sure there is true understanding of your plan and that all the important parties have the necessary “buy in”. Without these factors, successful implementation of the plan is slowed or undermined completely.

6 – Once there is understanding and “buy in” of the plan, the involved parties should be charged with their responsibilities. This involves more than just telling them the objectives; they must have a clear vision of their course of action.

7 – Set a time frame for completion of goals.

8 – Create incentives that encourage completion of your plan. This will help keep everyone interested and on track.

9 - Monitor the progress of the business plan. I prefer the measurement of the goals to be reported monthly with the publication of the monthly financial results. That way, situations can be adjusted accordingly and the plan is kept on track. To conduct just a semi annual or annual measurement of the business plan will only increase the likelihood of missed objectives.

10 – Evaluate the effectiveness of the plan and make any necessary modifications and improvements. Changes in the pace of your business or in the economy may necessitate periodic updates.

Several studies, as well as my personal experience, indicate that one is more likely to succeed if one has a plan and consistently sticks to this plan. We should not rely on getting lucky since the odds of that are against us. The trick is getting started, just begin and don't be concerned about developing the perfect plan. Over time and with some effort applied an effective plan will evolve.

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September 2001