

*Change***BEAT**



**A business plan is vital for growth,  
prosperity and pre-eminence**

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## **Abstract**

**A business without a business plan is like a ship without a rudder. It may travel fast, but it won't end up where you need it to be, and there is a good chance of an accident along the way.**

**Ian Henley and Ian Popplestone of *ChangeBEAT* argue that all businesses should have a business plan, but that the nature of the plan will differ substantially depending on the circumstances.**

## Business planning

All of the great successes in the IT and technology industry boil down to this. Someone spotted a growing (or under-supplied) market and moved with vigour and determination to fill the gap. They found a niche; they made a plan; they followed it through.

A business plan describes how your business will succeed and what you intend to do to ensure that it does. It balances growth, profitability and investment according to your business priorities, and provides a financial model and an explanation of how the numbers will be achieved.

It puts into words and then into deeds how you will get from where you are now to where you want to be.

## The Cheshire Cat

Business planning is often viewed as an annual chore of marginal value and elaborate excuses are constructed to justify inaction or a half-hearted approach. Here are just a few we have heard.

*“The world is moving too fast. By the time we have finished the plan, it will be out-of-date.”*

*“We pretty much know what we are doing. It is in our heads. We do not need pages of text to set this out.”*

*“Head office can’t understand the plan anyway. All they look at is the bottom line.”*

*“We are going to get taken over anyway, so why bother?”*

*“I would love to do this, but we really haven’t got the data I need to formulate a proper plan.”*

And of course, we all know in our hearts what nonsense these excuses are. They remind us of the dialogue between Alice and the Cheshire Cat

Alice: I was just wondering if you could help me find my way.

Cheshire Cat: Well that depends on where you want to get to.

Alice: Oh, it really doesn't matter...

Cheshire Cat: Then it really doesn't matter which way you go.



## **A sense of purpose**

Good business planning creates a common vision and purpose among the leadership team, eliminating the friction and inefficiency often caused by different agendas and approaches.

The business planning process provides a forum to generate and test ideas, and reject, refine or validate them so that only the best ones are pursued. It prompts new questions which lead to new opportunities, or exposes concerns before they become costly problems.

Good planning provides a sense of renewal, of energy and excitement.

It follows that each member of the management team must actively contribute to the strategy. They must have the chance to put forward their ideas, submit them to challenge, and be given the opportunity to debate the ideas of others. Only through this process will a consensus emerge and everyone be committed to the decisions made.

## **Everyone needs a plan**

All types and sizes of companies, and units within companies, need a business plan. Start-ups need a business plan to raise capital. Successful multi-nationals need plans to maintain momentum and coordinate their activities. Companies that are changing need especially carefully thought out business plans. Plans are vital for investors, banks, the shareholders, and the boss.

For larger companies, say two hundred people or more, the business plan should become the operating bible. Senior management should really be doing very little apart from business planning, and executing the plan to manage the operation to achieve its goals.

## **How to approach business planning**

Most business planning is done annually but often the most productive work is done at a moment of opportunity or crisis when the management team needs to survey the scene and then blaze a new trail.

In our experience, three steps are required to create a successful business plan



1. Match the plan to its purpose. A little time spent clearly defining the purpose of the plan and its scope will save lots of time and effort later. Pragmatism is the watchword. How much work do we really need to do?
2. Strategic analysis. What is the business landscape in which you are operating and who do you need to satisfy? Only when you have done this can you devise a realistic and compelling vision of where you need to be.
3. Strategic business planning. Once you know where you want to be, you can define in detail how you will get there.

## A plan to match a purpose

If you want to create a business plan, the first, critical question to ask is who and what the plan is for, because this will determine the approach you take.

Sometimes a very detailed document is required to provide a complete strategic operating plan. This would be typical for a mature company. In tactical situations, however, just a few concise PowerPoint slides could encapsulate what is needed.

Often a key objective of the plan is to show the boss that everything is under control and such a plan must cater for his or her needs. At other times, if for example an investment is required, the business plan is first and foremost a sales document that must be written to capture the reader's interest from the first paragraph.

When you know what the plan is for, you can define the **business planning framework**. This will tell you the business planning terms you will use, the strategic and tactical scope for the business planning process, and a definition of the contents of the plan.

Only then you can decide the level of effort you need to put in to each of the steps described in the next two sections, and get the best results for the minimum effort.

## Strategic analysis: enabling the vision

Strategic analysis provides the foundation for the plan by realistically examining the current business environment and then defining a well-conceived target for which to aim.



We have found that it pays to consider each of the following topics, at least at a high level, before getting down to serious planning. Many otherwise excellent plans fail because they were not realistic about the environment in which they were required to operate.

**Stakeholder analysis** identifies the people that matter. Stakeholders can include owners, directors, management and employees, as well as customers, business partners, regulatory authorities, suppliers, politicians and the general public. If you devise a business plan that fails to meet the expectations of an important stakeholder, nothing but trouble will result.

**Markets analysis** encourages detailed consideration of the markets in which to compete. Every so often you need to sit back and make sure the market you have chosen to compete in is the best option available.

**Competitive analysis** requires you to consider your competitors and how you can compete. If a business has ten strong competitors, its plan will need to be very different from the one where competition is weak.

By considering your **strategic options** you ensure careful evaluation of the ways in which you can take the business. This is where you consider how you will best serve your customers in the markets you have chosen.

When all this work is done you will be able to go about **creating the vision** to produce a well expressed, motivating picture of the future that enables you to provide strong and consistent leadership. In addition to the vision, you need to define clearly how you will measure success.

## Strategic business planning: execution

Once a business has created a compelling vision of the future, it then needs to create the plan to achieve the vision.

This is where we start to assign tasks and actions. Each element of the plan will need an owner with enough resources to make it happen.

It is worth considering each of the following activities, though not all will be relevant to a particular plan.

**Strategic planning** defines the mission and goals of the business and explicitly identifies the challenges which must be overcome if the vision and measures of success are to be achieved.



**Strategic business improvements** (where such initiatives are necessary) sets up a process for planning and managing business improvement projects so that they are sponsored, planned, resourced and managed separately from normal business.

**Strategic quality management** sets a strategy for quality management and develops an organisational model to implement productive quality management techniques.

**Financial business modelling** builds a detailed financial model which forecasts revenues and costs the resources required.

**Business planning** pulls together the planning and analysis into a single integrated plan that describes clearly where the organisation is going and how it will get there.

**Operational planning** defines or refines exactly how the business will be managed, the information required and how authorities and responsibilities are delegated.

### **Time well spent!**

Even when a business knows precisely where it wants to be, it's virtually impossible to get there without an effective business plan. A good business plan will put your company on the path to long-term success, allow the business to respond more rapidly to changing markets, and give a sense of direction and purpose to investors, management and its people.



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*ChangeBEAT's ExecKIT* enables a business to define the right planning process for its needs, and to follow it through to the production of an appropriate and effective business plan.

*ExecKIT* has been used to raise venture capital, plan new business strategies, change global business models, manage multinationals and reassure demanding bosses. *ExecKIT®* helps create rigorous business plans, while thriving on “real life” constraints.



*ChangeBEAT defines, develops and executes change programmes that help achieve enduring business benefit rapidly and reliably. Our people have practical field experience, and are equipped with WingBEAT, our proven change methodology, and our extensive tools. We are professional, pragmatic and action oriented.*

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