

Planning for Success



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Business Plans

Planning Ahead

There is a famous saying that “failing to plan is planning to fail”. With any venture that you enter into it is a good idea to plan ahead. This is especially true when beginning or planning the next phase of your business. Business plans can be used to provide guidance and direction going forward.

*“Without goals and plans to reach them, you are like a ship that has set sail with no destination.”
Fitzhugh Dodson*

A business plan is any plan that works for a business to look ahead, allocate resources, focus on key points, and prepare for problems and opportunities. Unfortunately, many people think of business plans only for starting a new business or applying for business loans. But they are also vital for running a business, whether or not the business needs new loans or new investments. Businesses need plans to optimize growth and develop according to priorities.

Your plan will depend on your specific situation. Make your plan match its purpose. With most plans they include two very important components, the **cash flow** analysis and specific **implementation** details.

- Cash flow is both vital to your business and difficult to manage. Cash is usually misunderstood as profits, but they are different. Profits don't guarantee cash in the bank. Lots of profitable businesses go under because of cash flow problems.
- Implementation details are what make things happen. Your brilliant strategies and beautifully formatted planning documents are just theory unless you assign responsibilities, with dates and budgets, follow up with those responsible, and track results. Business plans are really about getting results and improving your business.

Common Uses

There are two main reasons why people come to us for business plans, these being:

1. Gaining finance to start their business or fund new growth/expansion of an existing business; or
2. For strategic planning – determining how the business will take advantage of opportunities in the market

The best business plan is one that achieves the objectives set out by the business owners. This being the case there are two broad types of business plans that we provide for clients to facilitate the above objectives.

1. Business Plan for Finance

When seeking finance, either through banks (debt) or investors (equity), a common request is to see the business plan. A business plan for a bank generally does not need to go into the details of how

exactly the business will, or does, operate. It is designed to give the bank an overview of the business: who owns the business, what market it operates in, why it needs the money and how it is going to use the money.

In short the bank is banking on the future success of the business to recoup the loan and make a profit. It wants to understand the risk behind the venture and your plans to make the venture a success.

The objective of the business plan is to gain approval for the bank loan. To achieve this we put together a 10 page plan that shows the bank you understand the market, opportunity and what is required to deliver success. The business plan covers the areas the banks want to see in a plan, plus additional information the bank considers when assessing an application. This includes the previous employment of the proprietors, security and means of servicing the loan if the business fails.

*"Life's up and
downs provide
windows of
opportunity to
determine your
values and goals.
Think of using all
obstacles as
stepping stones to
build the life you
want."
Marsha Sinetar*

To support the business plan a minimum of 1 year's financials should also be included. The financials must match what is written in the business plan.

2. Strategic Business Plans

For businesses to survive and grow they must evolve and adapt to new market conditions and also adapt their internal operating systems accordingly. The product line and strategy that has worked over the last decade is not guaranteed to continue to work next year. The question is what and how to change.

A well thought-out business plan is a valuable tool in steering your business through the myriad of pitfalls, possibilities and opportunities to reach your desired goal. A business plan is based on the simple logic of 'the best decisions are made when all available information is known'. This is the basis of Strategic Business Planning. The critical part is collating and building the information into a workable document, and using this information effectively to assist in strategic decision making and setting a plan of action.

In business, as with most things in life, it is always better to be proactive and ahead of the game and in a position to control your and your business's destiny, as opposed to reacting to situations as they arise. A good strategic business plan will place you in a position to dictate the rules of the game and pre-empt market and environmental changes that impact on your business.

The business plan can then be used to monitor the progress of the business in achieving its objectives, and should be regularly updated to reflect changing environmental and business conditions.

Our associates at Roaring Success Pty Ltd are experts at preparing strategic business plans that will accelerate your business growth.

How the process works

Depending to the requirements, there is one thing that is common with all cases, information. Without information a business plan is just a piece of paper with irrelevant facts.

To begin the process a data collection form is completed and the information collated to produce a draft plan which includes:

*"Action without
planning is the
cause of all failure.
Action with
planning is
the cause of all
success."
Brian Tracy*

1. Executive Summary
2. Description of the Business
3. The offering (*Product or Service*)
4. SWOT Analysis
5. Strategy and Implementation
6. Management Team
7. Financial Plan (*Include profit and loss, cash flow, balance sheet, break-even analysis, assumptions, business ratios, etc*)

The draft is provided for analysis to ensure the plan has been written to suite. Once the draft is signed off the final version is assemble for the purpose it was intended for.

Other Services

Plans can be drafted for a multitude of reasons. As a result we can also draft documents such as:

- Information Memorandums
- Disclosure Documents (PDS – Product Disclosure Statements)

Who can Help?

For more information or an in-depth discussion on drafting a Business Plan or any of the points discussed above please call De Silva Accounting on (03) 9706 0122.

With our depth of experience and focus on providing positive outcomes for clients, we would be pleased to help.