



Business Planning

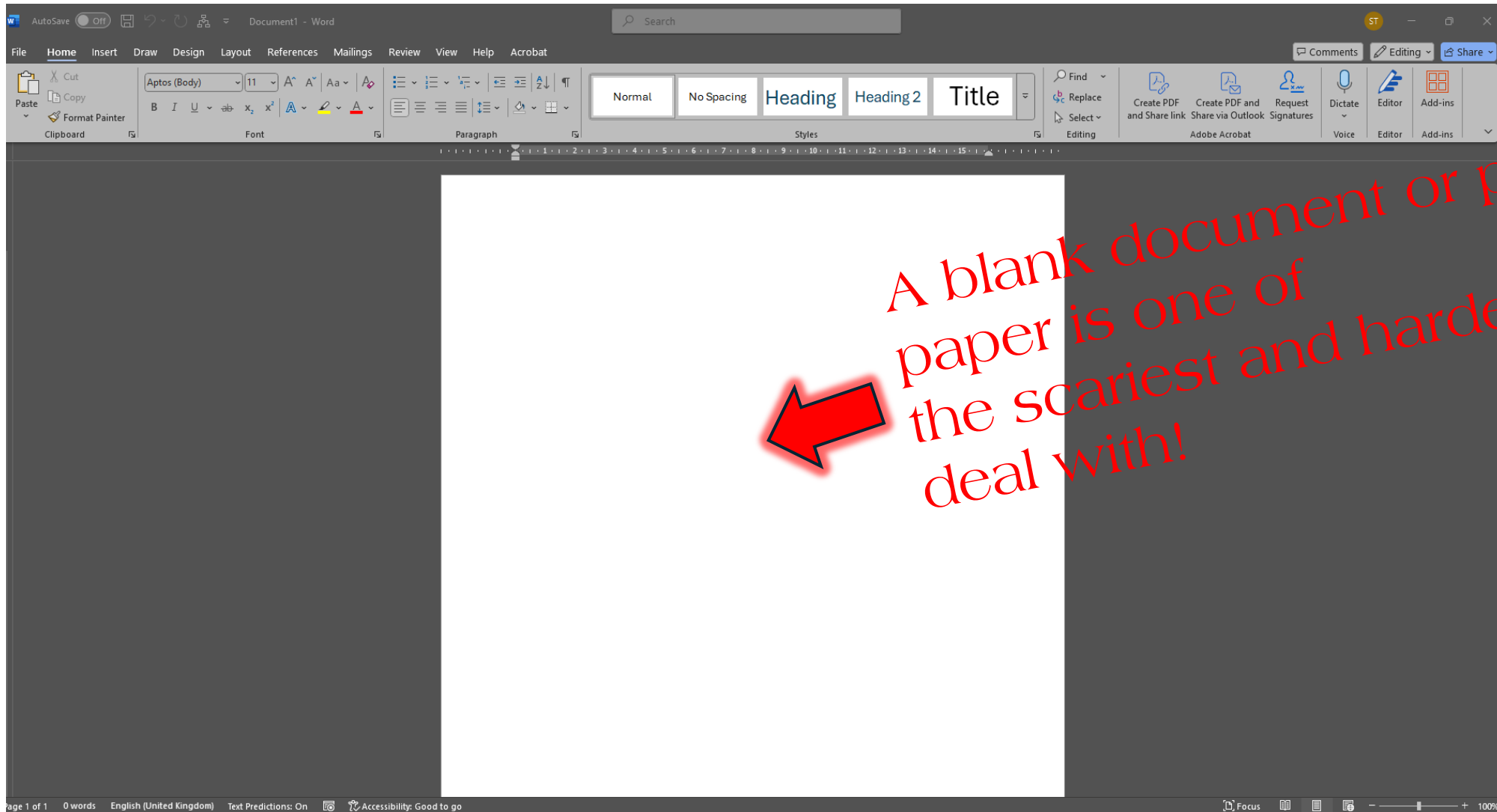
(Scary Stuff!)

Why bother planning?

- Without a plan, you don't know where your business is going or how to get it there, so you can't direct it effectively.
- You won't be able to recognise whether the things you do enhance your business's prospects or detract from them. Even if you get a period of growth and success, without understanding how or why, you won't be able to replicate it and will be leaving it to chance. Likewise, if you get a slump, you won't know why or how to fix it.
- A lack of planning almost always leads to inefficiencies and extra risk, especially when you consider that the business isn't operating in a vacuum and needs to respond to external influences.
- Running a business without direction can be depressing and can erode the passion you had when you started it, leaving you feeling despondent, fatigued and a failure.
- You plan other things in your life, even everyday ones like going to the cinema or meeting up with a friend for a coffee, so why would you leave something that's so important, that could deliver or snatch away your financial freedom, make you feel fulfilled and happy with your lot or leave you in despair, to chance?
- If you're not planning for and managing your business, you're not running a business, you're doing a job.



How do I get started?



How do I get started?

Start with your exit strategy. Most people don't do this but it's likely that, one day, you'll be screaming, "Get me outta here!".

You need to ask yourself some questions here. Do you want to retire in 5, 10 or 50 years' time? Do you want to sell your business, give it to a family member or close it down at that point? What will your achievements, both financially and mentally, need to be for you to feel ready to let go? Do you want to close that business and start something else instead in 10 years' time? You need to know what your ultimate goals are in terms of your business, even if it all seems a long way off.

Next steps

Now that you've established your exit strategy, it's time to start drilling it down to the near future. Trying to formulate and implement a plan for the next 30 years would be a nightmare, so we bring it down to a more manageable timeframe such as one year. This can be a good timeframe to work with as we have to do other things such as accounts on an annual basis so it brings it into line. Don't worry if your business is in the middle of a year when you implement this – that's what we learned fractions at school for!

You can use the Word workbook and Monthly Sales Requirement Excel spreadsheet to work through today's example. This will be sent to you after the session along with all the other Word documents and spreadsheets. You'll also be sent pdf copies in case you don't have Word or Excel.

Financial goals are often the first ones we hit because, as much as we love what we do, we have bills to pay! We also need to set some aside in a pension pot so that we're on track for our retirement planning. This doesn't mean that there won't be other goals, but this is a prominent one as it usually leads other strategic decisions rather than the other way around.

There are lots of methods we can use to start generating ideas about how we can achieve our main goal. We've already talked about scatter boards, mind mapping, collaboration and so on and this the first place they can really come into place

Generating Strategies

- One of the most important things to remember is that you are not your business and it's not you. It will have different proficiencies, limitations, prospects, pressures and needs to you. One trick, here, is to imagine your business as a human or even a muse, maybe your new best friend, as you'll see it more objectively and be able to imagine it/him/her asking the questions you need to answer.
- Ideas don't make an orderly queue! Sometimes, you get a flurry of ideas in rapid succession and sometimes it feels as though the well has run dry. Make use of brainstorming techniques such as scatter boards and mind mapping tools. These can be either manual or software based.
- Make good use of other people, whether they're family members, friends or sometimes like-minded people in Facebook groups. You don't always have to consult experts. Sometimes you just need somebody to bounce ideas off as that will help to bring you clarity. They often come up with things you hadn't thought of too.
- Make use of existing models and frameworks. There's a whole host of stuff like this out there, ranging from SWOT¹/PESTLE²/TOWS³ to the Golden Circle⁴ or the Johari Window⁵.

Generating Strategies?

Collaboration



Business Coach



Mind Mapping



Scatter Boards



Models & Frameworks



Scenario Planning

- The purpose of scenario planning is to evaluate the strategies we have come up with and test how they might work to achieve our goal.
- Make use of existing models and frameworks. There's a whole host of stuff like this out there, ranging from SWOT¹/PESTLE²/TOWS³ to the Golden Circle⁴ or the Johari Window⁵
- You can plot your strengths and weaknesses straight into the Workbook but the opportunities and threats are a little more tricky as you need to look out into the unknown. You can use the PESTLE Excel spreadsheet to work through these and also Google PESTLE to get more ideas. Some will apply to all businesses and some just to a few. What's crucial here is how they impact your strategies, so you can score them in the spreadsheet. There's more about these in the following slides.
- Once you have your SWOT analysis, you can see whether or not your strategy is likely to work. If it looks good apart from a couple of bad guys, you can use the TOWS matrix. This aims to convert weaknesses to strengths and threats to opportunities. You need to test each strategy and then pick the one, two or three that are most likely to help your business achieve its primary goal.

¹ Albert Humphrey. (1960's). *Stanford Research Institute*

² Francis Aguilar. (1967). *Scanning the Business Environment*

³ Heinz Weihrich. (1980). *The TOWS Matrix A Tool for Situational Analysis*

⁴ Simon Sinek. (2009). *Start With Why: How Great Leaders Inspire Everyone to Take Action*. Portfolio

⁵ Joseph Luft and Harry Ingham. (1955). *Proceedings of the Western Training Laboratory in Group Development*. Los Angeles: University of California

SWOT & PESTLE

One of the most powerful but misused models out there is SWOT analysis. Too often this is incorrectly carried out and then left in the bottom of the drawer gathering dust or in a folder on a computer gathering pixels instead of being put to use.

SWOT stands for **Strengths**, **Weaknesses**, **Opportunities** and **Threats**. This has been provided in the workbook so that you can go through it little by little but some pointers here should make the process easier and more effective:

1. Strengths and weaknesses are internal while Opportunities and Threats are external. As simple as that sounds, it can be incredibly difficult to be objective. For the strengths and weaknesses, try to imagine that you're standing outside yourself (or your business for that bit) looking at you (it). It can sometimes help to use a mirror (yes, honestly!). You can also ask friends and family to give you an honest opinion about you for the strengths and weaknesses, as long as you can take any criticism on the chin and it doesn't descend into fisticuffs.
2. The attributes you come up with need to be relevant to what you're trying to do. You might have a weakness for salted caramel ice cream, but that's not likely to impinge the performance of your business, so is probably irrelevant. On the flip side, you might think that posting 5 times a day on Facebook or Instagram will be a great way of bringing new business in but, if your business involves face to face interaction, it's not likely to do much for your overall customer base.
3. Strengths and weaknesses tend to be identifiable now while opportunities and threats are mostly about something that might happen in the future.
4. The Opportunities and Threats parts are often much harder to do than the internal ones mostly because we're dealing much more with the unknown. A great framework for working through this is PESTLE which, by lucky chance, is what we'll be coming to next. ☺

PESTLE

PESTLE stands for:

- Political – think about how international, national and local Government policies could affect your business. A great recent example is the trade tariffs imposed by President Trump. The USA might seem a long way off but say you live in an area that's dependant on car exports, the tariffs might reduce the disposable income of your now and future customers and thus affect your business. This could be a threat. Likewise at home, the increase in Employers' National Insurance might result in redundancies, which could be a serious threat if they were your customers.
- Economic – if tax rates go up, this could be a significant direct threat to your future so could be a threat. Trade booms and slumps can also have an impact.
- Social – this is all about opinions, attitudes, buying habits, population changes and demographics. We have an aging population which potentially means more opportunities for a business running a carer service but might be a threat to a tattoo artist.
- Technological – the obvious one here is probably AI which can be both an opportunity and a threat, the former because you can use things like Chat GPT to create content or MidJourney to create licence free images but the latter because there might some things that AI can do better than you can.
- Legal – as mentioned above, copyright or licensing could have a negative impact on your business but some changes in law could be positive such as the relaxation of planning laws for an architect or builder.
- Environmental – again, there's an obvious one here – climate change. If you sell snow gear, the warmer temperatures might be a serious threat. On the other hand, if you sell sun hats, you might be rubbing your hands together and shouting, "Kerching!".

All Strategies Must Promote the Main Goal

The most important question here is “Why?”

If you can't add the word “because” into your strategy explanation, it might not be one that fits your business plane.

Looking at the Workbook example, the first strategy does this – Increase my number of monthly customers BECAUSE more paying customers will increase my revenue and enable me to meet the £9,102 monthly goal requirement.

All the because statements need to fulfil the main goal requirements.

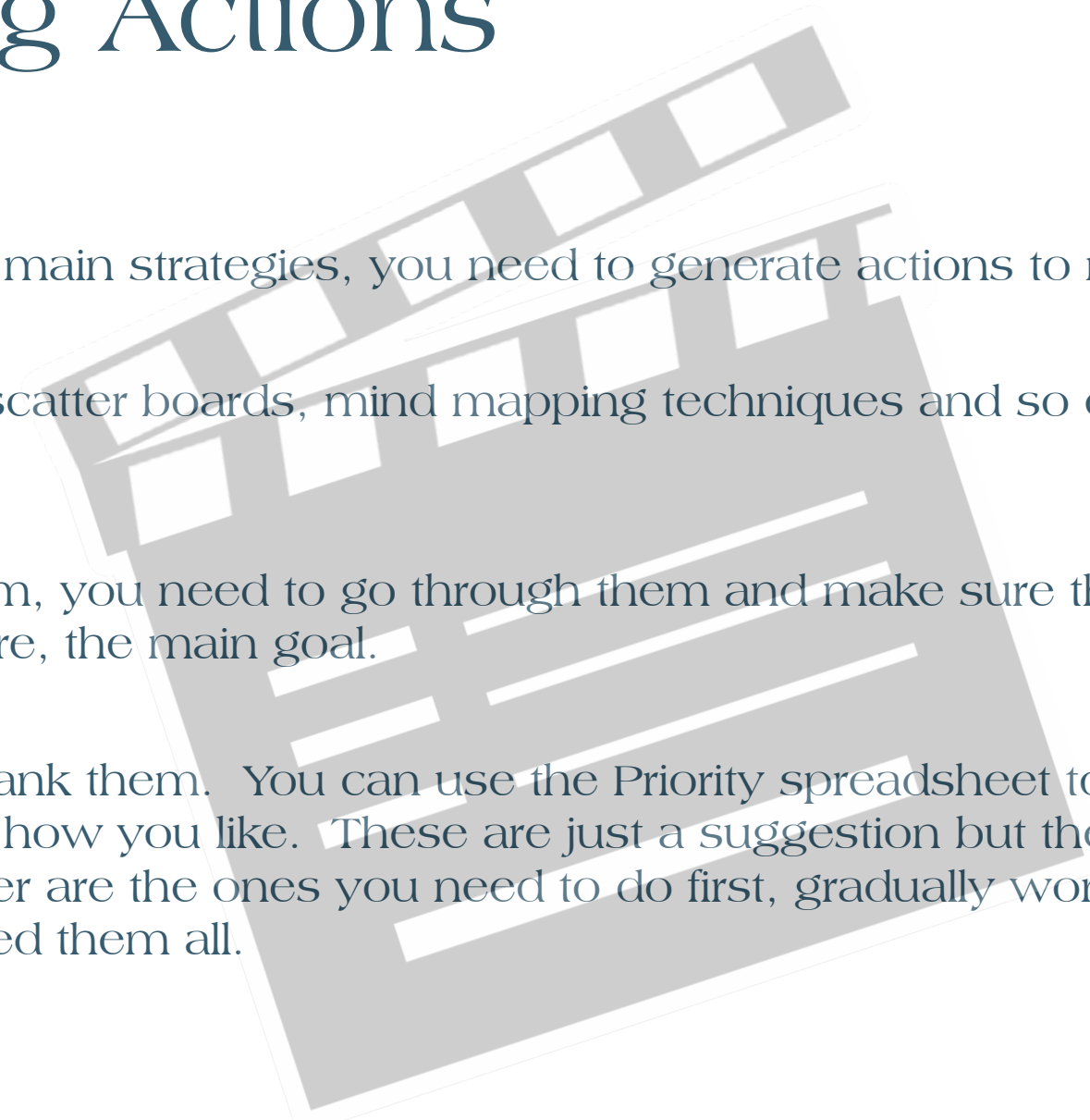
This point cannot be stressed enough!

SMART



6

Generating Actions

- 
- Once you have your main strategies, you need to generate actions to make them happen.
 - Again, you can use scatter boards, mind mapping techniques and so on to generate some ideas.
 - Once you've got them, you need to go through them and make sure they contribute to the strategy and, therefore, the main goal.
 - Your next step is to rank them. You can use the Priority spreadsheet to do this. You can change the columns how you like. These are just a suggestion but the point is that the ones that score higher are the ones you need to do first, gradually working down the list until you've completed them all.

Monitoring, Scoring & Tweaking

- It's important to check how your business is doing according to your strategies, i.e. are the actions you specified contributing towards your strategies and primary goal.
- How often you do this depends on the strategies, goals, your business and the environment it's operating in. Don't expect things to happen immediately – it takes time. On the other hand, if you have very little or no progress in, say, three months, you might need to review the actions and adjust or tweak them. If you're not sure about this, speak to a business coach!
- A couple of slides ago, we looked at SMART. This is a great way to check how your business is doing. If you have set the actions to adhere to this, you should be able to measure and monitor your success. If you need to tweak, tweak. If you need to go back to the drawing board, that's fine. It's not always easy to get it right the first time but the rewards will be worth the effort.

Further Reading & Lookups

Books

Michael E. Gerber. (1995). *The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About*. New York: Harper Collins

Lookups

Belbin – Team Roles

Myers-Briggs – Personality Type Test