

The Importance of Business Planning For Every Business, Big or Small

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Business planning is a critical process for every business, whether it is a large conglomerate or a small or a medium individually run enterprise. However, many small businesses often do not recognize the importance of this or even lack the required knowledge and resources to effectively engage in business planning.

The Necessity of Business Planning

In a small business setup, the absence of a robust business plan can lead to confusion, mismanagement, and missed opportunities. A well-thought-out business plan serves as a roadmap, guiding the business through various phases of growth and helping in making informed decisions.

The Journey of Business Planning

A robust system, checks, and controls are required to remain on track with the business plan. Understanding the business landscape and knowing when to pivot is crucial. When critical pivoting decisions are needed, they must be made with substantial thought. A well-prepared "Plan B" should be in place, conceived during the initial business planning process.

Key Components of a Business Plan

A comprehensive business plan should cover the following elements:

Define the Purpose

The first step in the business planning process is



to define the purpose of your business. Why does this business exist? Who are the customers you plan to serve, and why have you chosen this customer segment?

Long-Term Vision and Mid-Term Mission

Once the purpose is clear, you should develop a long-term vision and a mid-term mission. The vision provides direction and inspiration for future growth, while the mission outlines the steps needed to achieve this vision.

Action Planning

With the help of your team, mentors, and coaches, start bringing granularity to the entire thought process by disseminating information into action planning. Actions should be planned under the categories of What, When, Who, and How.

Support from Critical Business Functions

Each action should be supported by collateral agreements and action subsets from critical business functions such as Sales, Marketing, Finance, Manufacturing, Supply Chain, and People Functions.

Breaking Down Targets

Actions are then broken down into targets, which are mapped and measured over periods such as weeks, months, and quarters. This ensures that tasks are manageable and progress can be tracked.

Measurement and Improvement

"Mind it, that what is not measured, can never be improved." Regular measurement and evaluation of tasks ensure continuous improvement and alignment with the business plan.

Visibility and Ownership

All plans should be consolidated into a single sheet to provide clear visibility and ownership. Such plans require agreements and buy-in from all stakeholders. Execution preparation must start before the new financial year begins.

Business Balance Score Card (BBSC)

While there are numerous templates available for business planning, one simple and effective template to use is the Business Balance Score Card (BBSC). The BBSC helps in tracking and managing performance across different business functions.

Conclusion

Business planning is not just a formality; it is a crucial process that can determine the success or failure of a business. By defining the purpose, setting clear goals, planning actions, and regularly measuring progress, businesses can navigate the complexities of the market and achieve sustainable growth. Whether you are a large conglomerate or a small individually run enterprise, investing time and resources in business planning is essential for your success.

