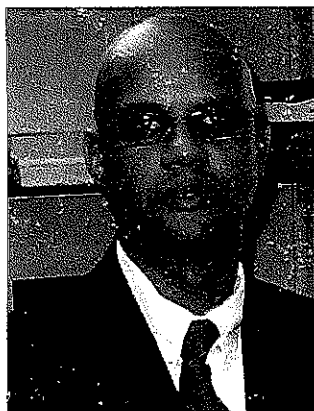


# Taking Care of Business



Winston Williams

## The Business Action Plan

**T**he importance of planning cannot be overstated, as the old saying goes "those who fail to plan, plan to fail." In business, this saying is even more relevant! Business planning is the first and most important step in the life of any new business. The business plan is a blueprint, a roadmap and a guide for success as a business moves through the business life cycles from startup to an exit strategy. With this in mind, why is it that so many small businesses fail to prepare a business plan?

The majority of small businesses that operate without a business plan do so for a number of reasons including: the failure to recognize the benefits of proper planning; too much focus on the technical aspect of their business, which leads to a neglect in planning; and the failure to record, analyze and implement business processes. Without a plan, those businesses do not have a meaningful way to track and compare results with set objectives; therefore their future actions have no practical basis but rather, are based on trial and error or instincts. Some of those businesses also use past experiences as a guide to "figure-out" strategies and find ways to maneuver through the challenges that new businesses must encounter on the road to success.

This approach is synonymous with failure, and unfortunately for hundreds and thousands of small businesses, that "hoped-for success" never becomes a

reality. According to Dun and Bradstreet, about 60 percent of all businesses fails within the first two years and for some industries such as the restaurant industry, the failure rate is even higher. Despite this discouraging statistic, there are thousands more small businesses that will take the "entrepreneurial plunge." The Internal Revenue Service reports that each year, there is an exponential increase in the number of new businesses filing tax returns.

## Business Action Plan vs. Traditional Business Plan

Failure varies from company to company, but it is a good bet that the demise of most small business is usually associated with poor business planning and/or bad management decisions. This is the primary reason for businesses to preclude their business start-up with "sound" business planning! The business planning process should not be a "one-time" event, but should be a continuous one that assists the business owners with managing changes in the business environment; as the business goes through the various stages of business development. The business plan is a working document and should not be written once, used once and then stored in a drawer of a filing cabinet.

Not only should business owners review their business plans on a regular basis; my recommendation is that they include the following items in their business plans:

- Action items
- Prioritized task list
- Timelines to accomplish the targeted objectives
- Names of individuals responsible for action items
- Rewards for completing task and achieving deadlines
- Consequences for inaction and

incomplete tasks.

This new and improved business plan is what I call a "Business Action Plan," and it helps business owners to manage their business needs based on facts and proactive actions, instead of reacting to unplanned events and crisis. The "Business Action Plan," unlike the traditional business plan, forces the business owners to think through the entire business process, helps them focus on the strategic tasks and helps to document accomplishments within target timelines. The "Business Action Plan" also provides management with a tool with which to record, analyze, evaluate, anticipate and lead changes in the business environment. The result is that management has an opportunity to make more informed decisions, which in turn creates the possibility for maximizing profit potential.

The Business Action plan is even more pertinent for new businesses seeking outside funding, from either investors or a financial institution. The Business Action Plan should not only include information on the company, the product or service, location, marketing, key management and financials, but should give the lender all the information needed to evaluate the loan by answering the following six questions; who?, what?, where?, why?, when and how?

The importance of a good business plan cannot be overemphasized and its preparation will require a large investment in time and research. But the rewards of great business planning will positively impact a business in the areas of efficiency, growth and profitability.

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