

Dear Entrepreneur:

Congratulations on your motivation and interest in starting a business! One of the most important keys to success is planning. You may have heard it said: people and businesses don't plan to fail, they fail to plan.

This Business Planning Workbook is for educational purposes only and should not be construed as legal, tax, or investment advice. It's intended to help you convert your entrepreneurial dream into a workable plan – and by so doing, convert your entrepreneurial passion and energy into products, services, revenues and profits.

**Please refer to the SMC Business Planning Workbook Tutorial webinar for tips.**

Some businesses are more complicated than others, but all are made up of these essential components. A sole proprietor might find their name assigned to every role. If there aren't enough hours in the day to do everything, then at least you can make a conscious decision about what will be neglected. The important thing is to never neglect the items you identify as most important.

Here are some thoughts on choosing priorities:

**Survival** - If these activities are not accomplished, the enterprise dies. Identify these items and do not neglect them for any reason.

**Mission Critical** – These activities are essential to the enterprise fulfilling its mission. These are only just slightly less important than survival.

**Important** – These are items which increase revenue and quality, and/or decrease expenses and/or risk. You may be able to survive in the short term without tending to them – and they may not be central to the enterprise's mission. Nonetheless, they are important because they nurture the financial and operational health of the enterprise.

**Attractive** – These are items which are enjoyable and provide enhancements to already existing and healthy operations or relationships. The danger with items which are attractive is that they often distract from attending to the more essential items of Survival, Mission and Importance. Beware the new toy syndrome.

In all likelihood, you and your enterprise will not have the time or resources to pursue anything beyond these four things. Clarity about these areas will help you avoid anything which doesn't fit.

Best wishes for clarity of vision, single-mindedness of purpose, and the resulting effective action which will help you organize and build an enterprise that is both profitable and deeply satisfying.

Russell Gray

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<b>1</b>	<b>Mission, Vision and Values</b>	
	<b>Mission</b> Why does the enterprise exist? Consider both what you want it do for you, as well as what you want it to do for the world.	
	<b>Vision</b> What does "success" look like? How will you know you're on track?	
	<b>Values</b> What principles does the enterprise operate by?	

Notes:

<b>2</b>	<b>The Opportunity</b>	
	Who is and how big is the market, what is their problem, how does the enterprise solve it better than competitors?	
	<b>Target Market</b> Who does the enterprise serve in order to earn its money?	
	<b>Problem</b> What challenge(s) or problem(s) does this Target Market face?	
	<b>Solution</b> <u>How</u> does the enterprise's offering help the Target Market with their problem(s)? <u>Why</u> will the customer buy your solution?	
	<b>Positioning</b> How are the enterprise and its offering positioned in the marketplace to succeed against all obstacles, especially existing or anticipated competition?	

Notes:

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3	The Offering	
	<b>Products &amp; Services</b> What products and services are being offered to the Target Market in order to solve their problems?	

Notes:

4 Revenue Plan	
	<div>How much revenue will the enterprise generate by when and from what sources?</div> <div><div><div>○ Itemize all sources of income</div><div><div>○ Products and Services</div><div>○ Investment Income</div></div></div><div><div>○ How much will you sell of each product by when?</div><div><div>○ Ramp Up</div><div>○ Break Even</div><div>○ Full Penetration</div><div>○ Ancillary Opportunities</div></div></div></div>

Notes:

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<b>5</b>	<b>Marketing Plans</b>	
	How will the enterprise locate, communicate to, and develop its Target Market into paying and loyal customers?	
	<b>Advertising &amp; Promotional Plan</b> How will the enterprise reach out to the marketplace and attract prospects?	
	<b>Sales Plan</b> How will the enterprise convert prospects into customers?	

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<b>6</b>	<b>Operational Plan</b>	
	What is the enterprise's strategy in each of the following areas and how will the enterprise manage its human, intellectual, technological and financial resources to accomplish its mission?	
	<b>Executive Team</b>	
	<b>Vision &amp; Business Planning</b> How will the Executive Team evaluate and update the enterprise's vision and business plan?	
	<b>Executive Team Coordination</b> How will the Executive Team communicate and coordinate their efforts in order to work effectively together?	
	<b>Leadership of Tactical Team</b> How will the Executive Team communicate the enterprise's Vision and Business Plan to the Tactical Team in an inspirational and educational way?	
	<b>Support of the Executive Team</b> How will the Executive Team be supported to optimize its effectiveness in those functions which cannot be delegated?	

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	<b>Marketing &amp; Sales</b>	
	<b>Advertising &amp; Promotion</b> How will the marketplace know the enterprise is ready, willing and able to do business?	
	<b>Sales &amp; Customer Relations</b> How will the enterprise establish and maintain relationships with individual customers?	
	<b>Research &amp; Development</b> How will the enterprise develop new products and services?	

Notes:



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	<b>Production &amp; Customer Service</b>	
	<b>Fulfillment</b> How will the enterprise fulfill the customers' needs?	
	<b>Product Maintenance</b> How will the enterprise maintain or follow-up on the products and services it sells?	
	<b>Customer Service</b> How will the enterprise provide excellent service to its external and internal customers?	

Notes:

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	<b>Finance &amp; Administration</b>	
	<b>Accounting</b> How will the enterprise track and report the financial activity associated with the enterprise?	
	<b>Legal &amp; Compliance</b> How will the enterprise organize and conduct itself in order to leverage and/or comply with any and all applicable laws?	
	<b>Tax Management</b> How will the enterprise organize and conduct itself in order to optimize tax liability mitigation?	
	<b>Document Management</b> How will the enterprise identify, organize, safeguard, store, and retrieve important documents?	
	<b>Banking &amp; Credit</b> How will the enterprise establish, utilize and maintain its banking and credit relationships?	
	<b>Cash &amp; Asset Management</b> How will the enterprise organize, deploy and utilize its cash & assets?	
	<b>Financial Reporting</b> How will the enterprise report its financial results for strategic and tactical management, tax, and banking and credit purposes?	
	<b>Purchasing</b> How will the enterprise identify products and services it needs, locate and establish relationships with vendors, and place and track orders?	

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	<b>Shipping &amp; Receiving</b> How will the enterprise handle incoming and outgoing shipments of materials and mail?	
	<b>Human Resources</b> How will the enterprise interface with and maintain records on any employees it may have?	
	<b>Facilities / Telecom / Equipment</b> How will the enterprise organize space and equipment to support the people who operate the enterprise?	
	<b>Electronic Data Management</b> How will the enterprise gather, organize, safeguard, and distribute electronic records?	
	<b>Insurance</b> How will the enterprise utilize insurance to mitigate risk? Consider also the unique needs of the specific enterprise, and the risks to the owners, officers, directors and employees.	

Notes:

<b>7</b>	<b>Continuous Improvement Plan</b>	
	<ul style="list-style-type: none"> <li>• In quantifiable terms, what and who defines “excellent” in each of these areas and how will the enterprise measure and report it?</li> <li>• Who are the enterprise’s internal and external customers for each of these areas?</li> <li>• How will the enterprise gather operational feedback and utilize it to improve service to both internal and external customers?</li> </ul>	
	<b>Marketing &amp; Sales</b>	
	<ul style="list-style-type: none"> <li>• Advertising &amp; Promotion</li> </ul>	
	<ul style="list-style-type: none"> <li>• Sales &amp; Customer Relations</li> </ul>	
	<ul style="list-style-type: none"> <li>• Research &amp; Development</li> </ul>	

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	<b>Production &amp; Customer Service</b>	
	<ul style="list-style-type: none"><li>Fulfillment</li></ul>	
	<ul style="list-style-type: none"><li>Product Maintenance</li></ul>	
	<ul style="list-style-type: none"><li>Customer Service</li></ul>	

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	<b>Finance &amp; Administration</b>	
	<ul style="list-style-type: none"> <li>Accounting</li> </ul>	
	<ul style="list-style-type: none"> <li>Legal &amp; Compliance</li> </ul>	
	<ul style="list-style-type: none"> <li>Tax Management</li> </ul>	
	<ul style="list-style-type: none"> <li>Document Management</li> </ul>	
	<ul style="list-style-type: none"> <li>Banking &amp; Credit</li> </ul>	
	<ul style="list-style-type: none"> <li>Cash &amp; Asset Management</li> </ul>	
	<ul style="list-style-type: none"> <li>Financial Reporting</li> </ul>	
	<ul style="list-style-type: none"> <li>Purchasing</li> </ul>	

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	<ul style="list-style-type: none"><li>• Shipping &amp; Receiving</li></ul>	
	<ul style="list-style-type: none"><li>• Human Resources</li></ul>	
	<ul style="list-style-type: none"><li>• Facilities / Telecom / Equipment</li></ul>	
	<ul style="list-style-type: none"><li>• Electronic Data Management</li></ul>	
	<ul style="list-style-type: none"><li>• Insurance</li></ul>	

Notes:

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<b>8</b>	<b>Organizational Plan</b>	
	Who will operate the enterprise and how will they be organized and compensated?	
	<b>Entity Plan</b> What legal structure will be used to operate the enterprise, taking into consideration asset protection, tax, privacy, and maintenance issues?	
	<b>Executive Team</b> Who holds the vision, develops and maintains the strategic plans, delegates to and leads the tactical team, and makes the strategic decisions?	
	<b>Chief Executive Officer</b> Who holds the vision, organizes the business plan, leads the executive team, and reports to the shareholders?	
	<b>Chief Financial Officer</b> Who oversees all Finance and Administration functions?	
	<b>Chief Operational Officer</b> Who oversees all Fulfillment functions?	
	<b>Chief Marketing Officer</b> Who oversees all Marketing and Sales functions?	
	<b>Executive Administrative Support</b> Who will provide administrative support to the members of the Executive Team?	

Notes:



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	<b>Advisory Team</b>	
	<b>Strategic Business Advisors</b> Who provides strategic business and industry advice to the Executive Team?	
	<ul style="list-style-type: none"> <li><i>Business</i></li> </ul>	
	<ul style="list-style-type: none"> <li><i>Industry</i></li> </ul>	
	<b>Tactical Advisors</b> Who provides tactical advice to the enterprise?	
	<ul style="list-style-type: none"> <li><i>Law</i></li> </ul>	
	<ul style="list-style-type: none"> <li><i>Tax</i></li> </ul>	
	<ul style="list-style-type: none"> <li><i>Technology</i></li> </ul>	
	<ul style="list-style-type: none"> <li><i>Marketing &amp; Sales</i></li> </ul>	
	<ul style="list-style-type: none"> <li><i>Specialty (business or function specific)</i></li> </ul>	

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	<b>Tactical Team</b> Who performs the daily tasks associated with accomplishing the tactical and strategic objectives?	
	<b>Marketing &amp; Sales</b>	
	<ul style="list-style-type: none"> <li>• <b><i>Advertising &amp; Promotion</i></b>              Who will let the marketplace know the enterprise is ready, willing and able to do business?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b><i>Sales &amp; Customer Relations</i></b>              Who will establish and maintain relationships with individual customers?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b><i>Research &amp; Development</i></b>              Who will discover, invent and develop new products and services?</li> </ul>	

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	<b>Production &amp; Customer Service</b>	
	<ul style="list-style-type: none"><li>• <b><i>Fulfillment</i></b> Who will fulfill the promises made to the customers?</li></ul>	
	<ul style="list-style-type: none"><li>• <b><i>Product Maintenance</i></b> Who will maintain, repair, or otherwise service existing products?</li></ul>	

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	<b>Finance &amp; Administration</b>	
	<ul style="list-style-type: none"> <li>• <b>Accounting</b> Who will keep track of and report on the transactions, cash, assets and liabilities?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Legal &amp; Compliance</b> Who will understand, utilize and comply with the legal system?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Tax Management</b> Who will understand, utilize and comply with the tax system?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Document Management</b> Who will design, implement and maintain a document records system?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Banking &amp; Credit</b> Who will evaluate, implement and maintain key banking and credit relationships?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Cash &amp; Asset Management</b> Who will make strategic decisions about the deployment and utilization of cash and non-operational assets?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Financial Reporting</b> Who will design and produce required financial reports?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Purchasing</b> Who will evaluate, implement and maintain key supplier relationships; and handle the day-to-day order placement?</li> </ul>	

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	<ul style="list-style-type: none"> <li>• <b><i>Shipping &amp; Receiving</i></b> Who will receive incoming and send outgoing shipments?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b><i>Human Resources</i></b> Who will maintain personnel records; evaluate, implement and maintain employee benefits programs; and understand and comply with labor laws?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b><i>Facilities / Telecom / Equipment</i></b> Who will design, organize, implement and maintain the physical infrastructure required to operate the enterprise?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b><i>Electronic Data Management</i></b> Who will design, implement and maintain an electronic data management system?</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b><i>Insurance</i></b> Who will design, implement and maintain all appropriate insurance policies?</li> </ul>	

Notes:

<b>9</b>	<b>Risk Management Plan</b>	
	What are the risks and how will the enterprise manage them?	
	<i><b>External Risks</b></i>	
	<b>Competition</b> Who are the competitors and why and how will the enterprise succeed against them?	
	<b>Legal</b> What are the legal risks and how will the enterprise mitigate those risks?	
	<i><b>Internal Risks</b></i>	
	<b>Financial</b> <ul style="list-style-type: none"> <li>• How will the enterprise sustain itself until profitability can be attained?</li> <li>• How will the enterprise manage cash flow, profitability and net worth (avoid undue risk, becoming over-extended)?</li> <li>• How will the enterprise anticipate and react to disruptions in cash flow and credit?</li> </ul>	
	<b>Operational</b> Is the plan comprehensive and detailed enough to be effectively implemented?	
	<b>Leadership</b> Are the leaders qualified, competent, committed and honest enough to be effective?	

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10 Expense Plan						
How much will it cost to operate and grow the enterprise to fulfill its vision through each of these operational functions? Consider compensation, benefits, facilities and equipment; support, and training.						
	<b>Executive Team</b>	<b>Salary</b>	<b>Benefits</b>	<b>Set-Up</b>	<b>Recurring</b>	<b>Total Recurring</b>
	• Chief Executive Officer					
	• Chief Operational Officer					
	• Chief Financial Officer					
	• Executive Support					
<b>Marketing &amp; Sales</b>						
	• Advertising & Promotion					
	• Sales & Customer Relations					
	• Research & Development					
<b>Production &amp; Customer Service</b>						
	• Fulfillment					
	• Product Maintenance					
	• Customer Service					
<b>Finance &amp; Administration</b>						
	• Accounting					
	• Legal & Compliance					
	• Tax Management					
	• Document Management					
	• Banking & Credit					
	• Cash & Asset Management					
	• Financial Reporting					
	• Purchasing					
	• Shipping & Receiving					
	• Human Resources					
	• Facilities / Telecom / Equipment					
	• Electronic Data Management					
	• Insurance					

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11	Financial Plan	
	How much profit will the enterprise generate by when and what is plan for the distribution and use of those profits?	
	<b>Cash Flow</b> This is how much cash comes in and how much cash goes out. The result will be an accumulation of cash or a drain on reserves. Cash-flow shortages can also be covered by increasing liabilities (debt), if necessary.	$  \begin{array}{rcl}  & \text{Revenue} & \\  \text{less} & \text{Expenses} & \\  \text{equals} & \text{Before Tax Cash Flow} & \\  \text{less} & \text{Taxes} & \\  \text{equals} & \text{After-Tax Cash Flow} &   \end{array}  $
	<b>Profit &amp; Loss</b> This is may line up closely to Cash Flow or may be completely different, depending upon the accounting method used. Consult with a CPA to determine the best accounting method for the enterprise.	
	<b>Balance Sheet(s)</b> There may be two Balance Sheets: Cash and Accrued depending upon the accounting method selected. Work with a CPA to construct the proper accounting system for the enterprise.	$  \begin{array}{rcl}  & \text{Assets} & \\  \text{less} & \text{Liabilities} & \\  \text{equals} & \text{Net Worth} &   \end{array}  $

Items to consider:

1. What is breakeven and when will it be achieved?
2. Are cash and credit reserves adequate to sustain the enterprise until breakeven?

Notes:



<b>12</b>	<b>Reference &amp; Associations</b>	
	What reference materials and /or trade associations will the enterprise require in order to operate effectively on a daily basis?	
	<b>Training Resources</b> How will the enterprise develop its personnel in order to increase capacity (grow) and effectiveness (profitability, team and customer satisfaction)?	
	<b>Competitive and Market Analysis</b> How will the enterprise's leaders stay abreast of the market and competition?	
	<b>Economic and Business Reports</b> How will the enterprise's leaders stay abreast of important economic indicators and trends?	
	<b>Industry Specific Publications</b> How will the enterprise's leaders stay abreast of important industry specific events, trends, activities an information?	
	<b>Business &amp; Trade Associations</b> How will the enterprise connect and stay connected to other people and organizations for mutual benefit?	
	<b>Legal and Political</b> How will the enterprise stay abreast of important legal and political trends which may present challenges or opportunities?	

Notes:

## **Resource Allocations Considerations**

### **Executive Priorities**

Which are mission critical functions which cannot be deferred or neglected?

### **Time and Financial Budgeting**

Which are secondary items which can be deferred or neglected if resources are insufficient to do everything concurrently?

### **Strategy**

What current human, intellectual, technological and financial resources are needed in order to perform essential functions?

What is already in hand?

What is lacking?

How can these items be obtained?

### **Tactical**

What one thing, if done today, would have the single greatest impact on (solving the most pressing problem at the time)?