



# Business Planning

Part of a series of Business Essentials

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# BUSINESS PLANNING

## Failure to Plan means you are Planning to Fail!

The alternative is much better. PLAN TO SUCCEED.

There are some key differentiators that set one business apart from another. It is important to have a "Vision" for the Business and a "Mission Statement" that tells the world what you are all about.

**-The Vision creates aspirations for the Business.**

It should be a very concise sentence that describes what the Organisation would like to achieve. It should be memorable and easy to communicate to others, and if possible about 20 words long. If it's more than 20 words, consider also creating a vision tagline (2-6 words) which people can more easily remember.

**-The Mission Statement upholds the values of the Business and clearly defines what it is about.**

Whereas the Vision statement describes a Company's ultimate aim a Mission statement describes its purpose. A Mission statement should be stated clearly so as to be understood and should

- define the market
- define what the company is, i.e. the product or service it provides
- be broad enough to allow for creative growth
- make the company distinctive from all others

**-A long term objective, a three, five or ten year view with a detailed 1 year plan or budget is essential. Elements of the plan need to be communicated to staff and to customers to help them understand about the business today and where it is headed.**

Every area of the business needs to be considered: -Sales, Purchasing, Inventories (Stocks), Warehousing, Logistics, Manufacturing, Company financials, Customers, Products, Suppliers, Marketing costs, Staffing costs, Capital investment plans, Leasing arrangements, IT infrastructure, Rents, Rates, Training, Utilities, etc.

## Prepare a detailed SWOT (Strengths Weaknesses Opportunities Threats) Analysis across the whole business.

The approach to future strategy for the Business will depend upon a number of factors. There are some significant differences required for Businesses that are in growth markets or are growing compared to those that are shrinking or are in declining markets.

If you're looking to build up your business these are a few of the things that must be covered.

- Finances - Are you in a strong financial position or will growth put a strain on cash-flow requiring additional funding?
- Do you have the right management team in place?
- By moving to a higher sales level will you gain any economies of scale?
- Can your current accounting procedures take you to the next level?
- Can your existing administrative teams cope?
- Do you need to change some processes?
- What do you do if things go wrong?
- Will your existing IT infrastructure cope with expansion?
- Are the premises big enough for the next expansion?
- What training needs are there for existing and future staff?
- Is your manufacturing facility and your warehousing and logistics able to cope with expansion?
- Is your Supply Chain robust enough?

Business Plans require a lot of careful thought and attention to detail and should not be taken lightly.

**1. Brainstorm some ideas – write these down, go back to them and see which ideas can be used.**

**2. Create targets** - Develop a set of targets you want your business to achieve by set dates. Each target should be 'SMART': Specific, Measurable, Achievable, Realistic and Timed. A SMART objective might be "to increase capacity by 150,000 units during the next six months using existing plant and machinery."

**3. Develop strategies to assess risk** – some targets will have more risk attached to them than others. The more you plan ahead, the better placed you'll be to face an unknown future and to counter unreasonable risks. Don't set out with growth plans that you're not comfortable with. E.g. If you have to add capacity to reach the extra 150,000 units you need to quantify the risk of failing to meet that objective.

Absolute Essential: Market trends, customer and competitor analysis should be in the Plan along with P & L accounts, Balance Sheets and cash flow forecasts for the next 12 month period. Targets can then be set and agreed for each department to ensure the maximum chance for success. These should then form part of the regular (monthly) management meetings to assess whether the Company is 'on plan', 'ahead of/above Plan' or 'behind/below plan.'

**What next?** Why not e-mail Ian Jameson at [ian.jameson@btconnect.com](mailto:ian.jameson@btconnect.com) to see how we can help you prepare a long term Business Plan and organise an annual budget broken down by trading month. The Plan will contain your 'Vision' for the Business and your 'Mission Statement'.



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