

Business Plan vs Business Planning. Why you need both!

“A business plan is important, but planning is essential”.

-Jim Blasingame

For many small businesses, a successful business plan is a little like an urban myth. Something you hear a lot about but not actually something you’ve witnessed with your own eyes.

The fact is many small businesses don’t even have a business plan, let alone a commitment to business planning. And the reality is that to succeed in small business you really cannot have one without the other.

But what’s the difference and how do you do a good job of both? Let us explain...

WHAT IS A BUSINESS PLAN AND WHY DO YOU NEED IT?

A business plan is like a road map for your business – it will guide you to get where you want to go. It will help you to see the bigger picture, plan ahead, make important decisions, and it will improve your overall likelihood of success.

Just like maps, you can travel without one but the risk of getting lost is significantly reduced when you don’t.

At its core, a business plan states the facts of the business, including assumptions, goals and future projections, and the plans for reaching those goals.

A good plan requires the owner’s due diligence in terms of assessing the business opportunity and its reason for being. It asks the business owner to

consider why they are in business, their mission, their customers, competitors, strengths and weaknesses as a business. And it can also include an exit strategy and resources or supports to turn to in challenging times.

HOW DO YOU DEVELOP A BUSINESS PLAN?

Despite the many benefits of having a business plan, some businesses choose to go without one. In fact, more than 90% of small businesses that engaged with the Rural Financial Counselling Service, having been impacted by bushfires and COVID-19 in Southern NSW, did not have a business plan.

We get it. Developing a business plan can feel daunting and force you to provide answers that are not always easy to determine. It requires research, analysis and planning and that takes time. It takes you away from the instant results of a sale, being on the tools or billing client hours. While stepping out of working in the business to work on it can be a challenge, it’s a change of mindset worth making because the investment of time reaps results in the long-term.

But it need not be the arduous task you might imagine. Sure, some business plans can be long and incredibly detailed documents. But increasingly smaller plans, even one-page summaries, are being used by businesses to great effect. And there are many services that can assist you to develop your business plan, plus plenty of free templates available from lenders and business support services.

Typically, a business plan includes the following elements:

- Registered name
- Place of business
- Industry
- ABN
- Web address
- Vision/Mission
- Customer profiles
- SWOT analysis
- Risk Management / Compliance
- Competitor analysis
- Goals and objectives
- Financials



Though it may feel tedious or time-consuming, business plans really are critical to business success. It should be the first thing done when starting a new business and when done well, it will prepare your business for future shocks, competitor activity and natural disasters and ultimately allow you to track your progress as your business grows. And remember, you don't have to tackle it all in one go.

Set yourself a goal each week and tick these items off.

WHAT IS BUSINESS PLANNING AND HOW DO YOU DO IT?

So, what happens once you've developed your business plan?

For too many, once the plan is developed it sits in a drawer somewhere gathering dust. These businesses often find themselves floundering after a few years, uncertain about how they got there and where they need to go next.

You see, once you have a business plan, it's not the end of the process, now is the time to use it!

Business planning is not just the process of developing the plan in the first instance but the process of constantly reviewing and updating the plan in line with the current business climate, market and operational conditions.

Business planning is the business plan in motion. The plan should be treated like a living document – one that you are actively tending to, implementing and updating. A good business plan will outline how achievements will be measured, and what success will mean for the business. Good business planning will then use that plan as the baseline to measure. Are your products and services right? How is the market response? What are your competitors doing? How is the company culture? How are the operations running? And, most importantly, how are the finances tracking? Good business planning should also highlight what you need to work on and expose any other outside forces you did not perceive when developing the business plan.

WHY YOU NEED BOTH

Research tells us that 71% of fast-growing companies have plans and engage in forward planning –they create budgets, set sales goals and document their strategies. Other studies show us that 1 in 3 owners of Australian small-to-medium sized business struggle with their stress and mental health. If we accept that the way

to manage stress is prevention, business planning based on financial analysis, clear goal setting and risk mitigation can help you move from distress to a successful, financially self-sufficient business by being proactive and getting back in control of your business.

The reality is, in business, there's no such thing as 'set and forget'. If you want to reach success, you need to keep the business in motion while strategically navigating ahead and steering your way through both the predictable and unknown territory. And having a map to guide you through is a way to mitigate risks, reduce stress and keep you on the best, most profitable path.

If you would like some support to develop your business plan or to take your business planning to the next level, call us to arrange a chat with your REWiRE Business Coach.

USEFUL RESOURCES

REWiRE have fully subsidised small business coaches across NSW to assist you develop solutions for your business challenges.

**rewireproject.com.au
or contact our team on
1800 570 655.**

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