

PLANNING FOR RESULTS: A PROCESS TOOL TO BUILD A SUCCESSFUL BUSINESS



By Ray Shah, President, Capital Management Group

Business Plan: Proper Planning is an important and effective tool in financing your project or a business, and shaping its future. It is important to understand how planning process and Business Plan can be applied to your business.

Conversation would be vastly improved by constant use of four simple words: "I do not know" - Andre Maurois

Planning is an attribute or character of Management that assists and motivates a leader to make things happen, rather than not doing anything or allowing things to happen. Management may be an individual, family, business owner, principal, or project manager that organizes the finances for a project or business.

"At a presentation I gave recently, the audience's questions were all along the same lines: 'How do I get in touch with venture capitalists? What percentage of the equity do I have to give them?' No one asked me how to build a business!"
—Arthur Rock, Founder and Chairman of Intel.

Surprisingly, many business owners do not consider a business plan as an important factor in building the business and raising money. They consider that they might be better off just sketching out basic financial projections. For a start-up project, it is necessary to prepare a full business plan. This includes organizing financials with three years of projections and describing detailed goals and strategy and why the business will be successful. It also helps in creating a good impression with stakeholders and lenders/investors. Once a full business plan is prepared (which may initially take three to four weeks), it may be appropriate to spend one or two days every few months updating it. This will also assist in evaluating earlier decisions and improving or fine tuning the business model.

A business plan is only as good as the quality of efforts that go into the planning process and preparing or documenting the same. In general, a business plan is the end result of planning process. Successful planning process involves management in Infinity Sponsors Platinum Sponsors Gold Sponsors Silver sponsors a manner where they take responsibility of the organization's own actions (or inactions) and final results—with a goal to succeed and willingness to take necessary actions that address risks and avoid failure. Business planning requires one to develop goals and strategy that address all probable eventualities or risks that one's business could face in the future. It helps to determine the best number of action steps necessary for the management to reach its business goals, and avoid, minimize or overcome foreseeable hurdles.

Proper planning is an important and effective tool in building and financing one's project or business and shaping its future.

Business planning consists of two key elements: the Business Planning Process and the Business Plan.

The Business Planning Process

The planning process is a step-by-step approach that helps to build by "thinking-out" management's plan on how to achieve goals or desired outcomes. The professional skills of gathering and analyzing information, setting realistic and challenging goals, how to meet competition in market place, and sound decision-making at every step are utilized in this process. Today's business environment is very competitive and full of uncertainties, so management should pay adequate attention to the planning process. This process improves the chances of success for the project as it also minimizes chances of failure.

PLANNING FOR RESULTS: A PROCESS TOOL TO BUILD A SUCCESSFUL BUSINESS

Management should address a series of relevant questions that help clarify business' past, present situation, the future a business desires, the means of achieving the future, and the systems of organization, delegation and controls or accountability necessary to track and sustain the progress. The planning process may require periodic revisions. Management should decide how often it should be revised or updated depending on the value it derives from effort and expense incurred. As management proceeds through the planning process, it scans through the possible end results of different courses of actions. During this scanning process, management is forced to confront issues relating to the goals, purpose, vision, mission, core values, strategy, customer perception, and priorities of business.

For example, when developing a business plan, management may decide not to invest more than certain amount of capital in the business in order to provide owner(s) adequate resources to pursue family, personal or other investment goals. One must acknowledge that, given management's decision, it cannot expect to receive the same business development considerations as someone willing to invest triple the amount of capital. Every business may have different goals that will involve investment of resources and sacrifices (opportunity costs). For example, an opportunity or benefit may be lost or "foregone" for the sake of pursuing an alternate use for the same resources. Organizations may sacrifice business success or developmental opportunity, while someone may sacrifice alternative investment. The business planning process brings these factors in to the deliberations, and realistically assesses the trade-offs necessary for the management team to finalize the business goals.

The Business Plan: The end result of the planning process.

The Business Plan is the final document that defines management's perception of the game-plan as of a specific date, and is a final output communicating management's planning process for the project or business. It is a document that states the core assumptions, goals, and strategies that management has decided to pursue by investing the necessary resources in terms of time, financial resources, and action steps that will be necessary to achieve the goals. The business plan is derived from the management's deliberations and the series of final decisions of the planning process. The written business plan also serves as an important controlling tool for regularly monitoring actual vs. plan on different parameters and the corrective action to be taken so that the overall success is achieved for the business or project. The parameters that are monitored could be time, cost, resources, quality, ROI, employee morale, etc. Facilitating the planning process that generates the business plan requires expertise in both the financial and general aspects of management and the business planning process itself. The value of a business plan is in the decisions it influences during the planning process as well as the monitoring of progress—ultimately, how cash flows in and out of the business' bank account and achieves the stake holder's objectives over a period.

How I utilized Business Planning:

A company in California manufactured a range of engineering products with a good technology base. However, for various reasons, the business had become stagnant over last few years in terms of revenue and profitability. I evaluated the business model and management infrastructure, and facilitated restructuring of the business with a focus on achieving growth. This planning process involved producing additional revenue streams, improvement of production processes, replacement of machineries, and relocating the plant. The new business plan and presentation package made it possible to raise additional business loan of \$4 million dollars. This was utilized to triple the revenue over a three-year period and also resulted in increasing the number of employees. The business is now on a progressive track, doing well and is expected to achieve its goals.

About: Mr. Shah is the President of Capital Management Group (CMG) and a Financial Consultant. CMG is a California licensed lender/broker for financing small businesses, business financial advisor, and Business Management Consultant. CMG assists projects and businesses in US as well as international projects. For more details, visit www.cm-group.com. Mr. Shah can be reached at 714-439-9600, Skype: ray.shah1 or via email at: cm-group@sbcglobal.net * [LinkedIn: www.linkedin.com/pub/ray-shah/0/a57/59/](https://www.linkedin.com/pub/ray-shah/0/a57/59/)