

Success Tip #2:

If you don't know where you are going, chances are you won't get there!

SELLING YOU ON YOUR BUSINESS




You've probably heard it said that a business plan is a selling document. While it is very true that your business plan will be an invaluable aid to you in selling your business to others, you may not have considered that it can be a great way to sell or re-sell YOU on the business you have started. By examining how your ideas and products fit into the competitive environment, you can get excited about the potential of your business and become reinvigorated.

A business plan can also be a good way to determine new directions your business should go. As you delve into the marketplace, examining your competitors and their products, and consider market trends, you may see new avenues for your business to follow and may even discover a potentially hot market niche that isn't being filled. This could lead to a whole new direction for your company and vastly expanded revenues.

By contrast, the discovery process you follow to develop your business plan might show you that the path you thought you wanted to follow isn't viable, saving you months and years of frustration and a lot of cash! It may help you see a different path you need to follow and/or encourage you to concentrate on a different aspect of the business.

HOW DOES A BUSINESS PLAN SELL YOUR BUSINESS?

In order to succeed in today's challenging business climate, you will need to exploit every opportunity that comes your way. The only way to do this is to understand where the opportunities are and put your business into a position to pursue them. A business plan makes this possible. Just as importantly, your company's business plan is seen by others as your company representative. It tells interested parties who you are, what you do, how you fit into the crowd, where you're going, and how you're going to get there. Your business plan can help you with the following:

-  **To obtain bank financing:** Bankers are understandably nervous about risking money on new endeavors, and there are many more companies out there asking for money than there is money to be distributed. Companies that have a written business plan have an edge because banks understand the importance of formal planning.
-  **To acquire investment funds:** To investors, a business plan is a screening device. If they like what they see in your business plan, they'll take the next step and talk to your executives.
-  **To arrange strategic alliances:** A business plan is often the only tool an established company has to assess whether they want to do business with a company that is not yet established.

- ✚ **To obtain large customer contracts:** Large customers are reluctant to commit funds and take business risks to do business with an unknown entity. Your business plan helps them understand that you are well grounded and know what you're doing.
- ✚ **To attract quality employees:** A well designed business plan allows potential, key employees to get a comfort level with your company so they will be willing to commit their professional future to you.
- ✚ **To complete mergers and acquisitions:** Companies that are looking to buy other companies look closely at these companies' business plans before deciding which ones they want to pursue.

THE RESULTS OF NOT CREATING A PLAN CAN BE A KILLER FOR YOUR BUSINESS!

Your business plan is an invaluable tool for helping you understand your business environment so that you can optimize your revenues. Through this important document you will come to understand your competitive environment. You will also be able to determine how you should market your product and what avenues your sales efforts should pursue. The negative results of not performing these exercises can be overwhelming if you are working under limited resources.

The following case study, based on a real company whose name has been changed to protect the innocent, is just one example of the many costly mistakes you can make if you don't create a plan and stay with it.

Case Study – The John Doe Company

The John Doe Company didn't have a Sales and Marketing plan. They had no go-to-market strategy and didn't even know who their target market was. The sales and marketing function was represented by an individual who didn't have any sales or marketing in her professional background. Not having a comfort level in an area where she was not skilled, and working under no specific plan, this individual was subject to whim and fancy in her marketing decisions. The unfortunate result?

The company attended several trade shows a year, spending thousands upon thousands on travel, show fees, and lost man hours for something that brought them no actual revenues and no real leads. In addition, the company instituted expensive giveaways at these shows, such as diamonds, which brought them nothing in return.

This VP with no sales and marketing plan also lost the company thousands of dollars advertising in magazines that did not attract the company's target market and spent untold thousands flying around the world to pursue customers from leads that had not been qualified. Since the leads had not been qualified, many of these expensive customer visits were with customer representatives who had no intention of buying, had no money earmarked to buy, and/or who were not even empowered to make a buying decision.

The John Doe Company's lack of a sales and marketing plan, along with having the wrong individual in a position to make unguided decisions, has most likely cost the company more in lost revenues and squandered resources over the 3 years they've been in business than they've made over that same period of time.

Although the above case study could be considered a worst case scenario, it is fairly representative of the types of problems companies encounter when they have no sales and marketing plan.

YOUR BUSINESS PLAN CAN SUBSTANTIALLY REDUCE BUSINESS RISK

A business plan that is truly a working document can substantially reduce business risk for your company. Day to day decisions should be run through the filter of your business plan to determine what fits and what doesn't. Your plan can validate issues that fit within it, and should be altered when necessary to allow for new opportunities that may stretch the parameters of the plan but support your overall goals. The result is that you will make "strategic" decisions rather than pursuing costly whims or suffering under an "idea of the day" mentality.

In addition to pro forma financial elements, the business plan foundation is cemented with solid sales and marketing elements to guide you toward more revenues and higher profit. It should identify routes to market for your optimum sweet spot, and show you when to hire key personnel, and who to hire, saving you from costly hiring mistakes.

GETTING STARTED: ANALYZE YOUR BUSINESS PLAN TO BECOME MORE COMPETITIVE

The first step in becoming more competitive is to perform a complete, objective analysis of your business plan. It will be extremely difficult for you to view your business dispassionately and perform an objective assessment. For this reason, you will probably want to look at contracting with outside professionals to perform your assessment. These industry experts have decades of corporate experience in building successful sales and marketing strategies to help them understand your challenges and how to address them.

An outside consultant can provide you with a comprehensive analysis that culminates in a gap analysis and steps to address the holes in your overall business plan. Once you have this assessment and know where the gaps are, you can begin to build a plan that will enable your company to effectively win against any and all competitors, big or small. You can either perform the steps to execute the plan internally, or hire outside expertise to perform those functions that you don't have the knowledge and experience to perform. This straightforward and easy to implement process will get your company on the fast track to more sales.

KEY BUSINESS PLAN ELEMENTS

Key elements of your working business plan include the following:

- ✚ **Executive Summary:** vision, mission, company objectives, keys to success
- ✚ **Company Overview:** focus, current product/service description, future products/services, positioning of products/services, business concept, current situation, key success factors
- ✚ **Organization:** stakeholders, board members, employees, strategic advisors
- ✚ **Operations:** key personnel, organizational structure, human resources plan, product/service delivery, customer service/support, facilities
- ✚ **Market analysis:** the overall market, anticipated changes in the market, market segments, target market and customers, customer characteristics, needs, and buying decisions
- ✚ **Competitive analysis:** key competitive capabilities, key competitive weaknesses, competitive evaluation of products/services, industry overview, nature of the competition, changes in the industry, primary competitors, competitive products/services, opportunities, threats and risks
- ✚ **Sales and Marketing Plan:** go to market strategy, competitive overview, sales tactics, marketing plan, channel plan, advertising plan, promotions/incentives, publicity, trade shows, partnerships and alliances
- ✚ **Financial Overview:** short and long term views of the company's situation/needs, assumptions and comments, starting balance sheet, profit-and-loss projection, cash flow projection, balance sheet projection, ratios and analyses

YOUR BUSINESS PLAN IS A WORK IN PROGRESS

If you created a business plan when you started your business but have not taken the time to update it over the months and years, you are not much better off than if you'd never created one. Business plans are meant to be working documents, and will become stale and useless if they aren't updated.

As stated before, a business plan is a selling document. It sells your business and its executives to potential backers of your business, from bankers to investors to partners to employees. Early stage companies need effective business plans to attract investors. All companies need an effective plan to guide the business. Companies that lack effective and updated business plans often suffer from unrealized revenues, lost opportunities, significant competitive losses, reactive hiring decisions, and poor profit and loss financial performance.

Rather than being a working document that guides your business, an unrealized business plan can become a nagging item on your strategic "to do" list. Ideally, you should maintain a workable business plan to determine where the company needs to go, warn of

possible roadblocks, develop contingencies, and keep the business on track to reach planned goals.

LET YOUR BUSINESS PLAN WORK FOR YOU

Sales and Marketing Pros can guide you through the process of revising or developing your overall business plan. SMP's Opportunity Maximizer Workshop performs a full-scale assessment of your business plan, including your sales and marketing infrastructure. The workshop provides you with a gap analysis and steps to close the identified gaps.

SMP also offers part or full time Advisory Services from executive level business professionals, sales and marketing experts, business writers, and a full array of document, graphic, and website support; allowing you to just pick up the phone and request help as you need it.

SMP is ready to work with you and your team to package your business so that it embraces the future. With creative planning and packaging, you will win in the marketplace, at both the investor and the customer levels.

Contact Bob Decker at 765-883-1944 or via email at bdecker@salesandmarketingpros.com for more information.