



Trusted Advisor to Business Owners

Stick with the Business Plan

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We're struggling to build and follow a plan. It feels unnatural to prioritize working a plan when day-to-day pressures crop up. It's easy to get sidetracked.

Thoughts of the Day: Knowing where you're going with the business long term is essential. Meet with your team regularly to report on, and evaluate, what's happening and what's next. Recognize that the attraction to working on short term issues is an entrepreneurial trait that gets in the way of long term business building.

Think about the long term goals you have for your business. Are they written down? Are the company's stated goals clearly measurable? Are you and all of your employees aware of the company's goals? Is everyone fully on board with doing their part to help the business meet its goals?

Growth, profit, stability, predictability, peace of mind – all of these values are necessary for long term success of any business. Do your company's goals include all of these essential items? Is the company on track to deliver in every area?

Ask yourself the following questions

- What growth % can my business reasonably achieve year after year? Is that fast enough to stay ahead of inflation? Is it slow enough to allow us time to identify and fix problems before they get out of hand?
- What's happening to gross and net profit? Are they both rising in real dollars? Are they both holding steady or increasing when measured as a % of revenue?
- Is our plan consistent from year to year? Any holes in terms of execution?
- How far out can we accurately plan revenue, cost of goods sold, and expenses and reserves? At least 3 years? Can we adjust spending and sales to hit plan?
- Do I, as owner, sleep soundly at night? What problems keep me up at night? Are my people making progress towards solving those issues?

Entrepreneurs are very much focused on the here and now, get it done, make things happen immediately. That's valuable, up to a point. As the business grows, the owner's focus needs to shift to longer term planning and execution. This means transitioning from entrepreneur to CEO / Business Builder.

One entrepreneurial trait that becomes a liability as the company grows is the belief that every opportunity has to be acted upon before it's lost. Entrepreneurs have a hard time saying, "no" when they see potential right in front of them.

Jumping on immediate opportunity may get in the way of achieving longer term goals. Resources get tied up, expenses climb beyond what's budgeted, things don't pan out,

and there aren't enough reserve funds to recover properly. It takes real discipline, starting at the top of the organization, to meet plan year in and year out.

Set up a structure where you and your employees meet regularly to plan and review results vs. plan. Encourage productive criticism. Make sure that meetings are outcome driven. End each meeting by recapping who does what next, to feed both short and long term plans.

Recognize your role, as owner and CEO / Business Builder, is to hold the company, and everyone in it, accountable. Make sure employees and vendors understand their role in meeting the company's long term goals. Evaluate customers – do they all meet "good customer" criteria? Are you adding "customers of the future"? If there are performance gaps anywhere in the business, address them before they get out of hand.

Before making any short or long term decisions, the business builder looks at the long term plan. Is the opportunity facing the business part of the plan, or is it a distraction? Is there another opportunity that could be set aside in favor of chasing this one, and how do the payoffs compare? When does experimenting cost the business so much risk, that it's no longer worthwhile?

Looking for a good book? Business Plans That Work, A Guide for Small Business, by Andrew Zacharakis, Stephen Spinelli and Jeffrey Timmons.

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