

Creating a Top-Down Plan That Sticks



Tip #1 – Begin with the numbers. Use a simple spreadsheet to put a monthly cash budget on paper. There are many free resources on the web. The one I use the most is an Excel spreadsheet which you can download from Microsoft Office Online. It is a one-page tool to help you estimate cash in and cash out. SCORE also has a very good template which compiles data assumptions, keyed in by the business owner. The data is then used to create pro forma financial reports (automatically created in the template, yeah!)

The key components of the initial cash budget include Sales, Number of Sales in Units (e.g. # Widgets Sold), Average Ticket Price Per Sale, Variable Cost per Sale, Gross Profit, Overhead, Net Profit or (Loss).

If you have ever prepared a plan for a lender to review, he/she will quickly look over the first couple of pages and then flip to the back of the plan to look at your numbers. Even though we are working on the numbers first, they will go in the back of the plan, once completed.

Tip #2 - Take the numerical budget and begin writing your business story narrative, to create your business plan. Describe your sweet spot – what you do really well, that you love to do, that people will pay for. Then think about your end game. When - not if - you are successful, what is your exit strategy? An exit strategy can be “go public” or “leave legacy for my family to continue to operate a profitable business” or “sell to a major corporation within 10 years.”

Now you should have completed the initial draft of a numerical budget, the description of your sweet spot, and your end game or exit strategy. These three things make up the foundation of your business plan, upon which you can now create the rest of your plan.

Tip #3 – Do research by googling to answer questions about your budget, your industry, your competitors, and your prospective clients. Set up a cloud-based repository for documents, such as Dropbox.com, so that you can organize information first and then pull bits and pieces of relevant data into each section of the business plan.

Tip #4 - Most business strategists suggest that you write the Executive Summary last. My recommendation is to go ahead and write out your top-level vision (in the form of an Executive Summary) by completing a paragraph on each major section in the Plan. This

way, assuming you have completed the numbers in Tip #1 above, you now have the first draft of an Executive Summary which we will call a Business Review (temporarily) along with a basic cash budget. This does not mean that your plan at this point is complete. This is only the beginning.

Major sections in the Plan include

- (a) **Company Description** – What products and services do you sell? What is your mission and vision of the business? Include your sweet spot in this section of the plan.
- (b) **Management Team** - Who leads the team? Who will follow? Who is needed to round out the Team? Include years of experience, types of expertise represented in the Team, and education of key members of the Team.
- (c) **Target Market** – Who do you sell to? Where are they located? What do they like? What do they need? Why do they spend money and what products and services do they buy?
- (d) **Competition** - Who does the same thing that you want to do? Who else solves the problem that you solve, through the sale of products and services? If your answer here is, “I have no competitors.” – that answer will be FALSE! Everyone in business competes with someone.
- (e) **Marketing** – What is your USP – Unique Selling Proposition? Where can you reach your potential clients, through what media (such as online, television, radio, print materials)? What are your marketing needs to reach how many people in order to sell what you need to sell?

(f) **Sales** – What is your sales plan, who is your sales team, and how are you going to build your pipeline of clients? What is the timeframe to scale your business to the next level?

(g) **Operations** – How will you deliver the products and services that you sell? What kind of quality controls will you have in place? What are your fixed operations versus operations variable to sales?

(h) **Finance** – What are your gross profit margins, your breakeven sales, your overhead/fixed expenses? What internal controls will you have in place to protect all assets, including cash in the bank, equipment, intellectual property? Include your draft numerical budget in this section of the plan. Return to the budget periodically to fine-tune, as other parts of the plan develop.

(i) **Future Developments** – What does your business look like one year out? Three years out? Five years out? Ten years out? What technology, new equipment, or systems have you identified that need to be explored, once the company can afford to invest due to planned growth? Include your end game, your exit strategy, in this section of the plan.

(j) **Appendix** – What core business forms will you use? Create or pull samples to keep organized as part of the business plan. Key documents to gather may include a copy of the lease agreement, copies of vendors agreements, resumes for each team member, website content and social media documents, employee handbook, company policies and procedures manual.

Tip #5 – Once you have drafted the Business Review (as outlined in Tip #4), sleep on these for several days. Then begin to pay attention to more and more details. The next steps to completing your plan will be the most tedious for most entrepreneurs. A lot of us are dreamers and think big. We hate to slow down to describe all the details to someone else. But guess what? This makes up the guts of the plan, all those tiny details will make a difference between success and failure.

Use the concise description of each plan section included in the Business Review to expand the body of the business plan by writing out more details for each section. The details of your plan should include description of your products and services, your customers, your competitors, your operations, and your industry. You can add charts and graphics to the business plan, once the core sections of the plan have been expanded.

When you get finished or at a good stopping point in completing the detailed plan sections, it is time to re-visit the numbers and then revamp the Business Review. Once each section of the business plan has “meat on it”, then you can change the title of the Business Review section to Executive Summary.

The Executive Summary goes at the front of the business plan, right behind the title page and contents page. The financials go last.

Tip #6 – Include your contact information on the title page and in the footer on every page of your plan. Include page numbers on every page, except the title page. Include the “date last

revised” at the bottom of the Title page. Be careful to research the company name, the domain name, email address, mailing address, colors, and type of logo, before finalizing. Consult with a business attorney to evaluate the optimal legal structure for what you have planned. Consult with a CPA to discuss tax and licensing requirements, as well as options for bookkeeping and keeping business records organized.

Tip #7 -Don’t forget that the best plan is one that works for you, the business owner. It is part of the learning curve. That is, we practice what we do and develop a discipline to revisit the plan monthly, quarterly, annually. The plan helps us do what we say and say what we do. This is how the big companies have grown to be big; this is how you can do it, too.

Start your business with a plan and then work your plan to make it work for you. This will save you time and money, plus ...it is a lot more fun!

For more information on *Creating a Top-Down Plan That Sticks* and other business strategies, contact Nita Black at Info@NitaBlack.com or go to her website at www.NitaBlack.com. You can also find Nita on Facebook, LinkedIn, and Google+.

Plan for success!

