

# BUSINESS PLANNING TIPS

**The following checklist is part of an article entitled “Are you a business failure” published in Australian Business Limited’s official publication, *Australian Business News*. The checklist was provided by the *NSW Enterprise Workshop*, one of several organisations that ABL sponsors and that provide invaluable information, courses and networking leads to ABL members. It is a member-only document.**

## Checklist for business plan preparation

### Product/service

- What do you see as being the main applications and uses of your product/service?
- Who will buy your product/service?
- What trends do you anticipate for the product service usage?
- Who do you see as your potential competitors?
- Do these offer a wide range of products/services?
- How will your product/service be differentiated from competitors?
- What advantages and problems are associated with your product/service?
- Do you see scope to expand the range of your product/service?
- What price do you anticipate charging for your product/service?
- What will it cost to supply your product/service?
- How price sensitive do you believe demand for your product/service will be?

### Market

- What is the current Australian market for your product/service?
- What is the current overseas market for your product/service?
- What problems do you anticipate entering the market?
- Have you identified a niche in the market for your product/service?
- What characteristics do you see this market niche having?
- What characteristics do you see your customers having?
- What are the trends in the market in terms of how they will affect your product/service's penetration?
- What market share are you aiming for?
- What are your anticipated distribution methods?
- What other distribution methods are there or could there be?

### Competition

- What are the strengths and weaknesses of your anticipated competitors?
- What assumptions have you made about your anticipated competitors in relation to your proposed business?
- In what form does competition exist in the market (eg. price, discounting, service, promotion, technology)?
- How well established are your anticipated competitors?
- How important to your anticipated competitors is the product/service that you will be attacking?

- What reaction do you anticipate from potential competitors when you launch your product/service?
- How will you combat this?

### **Production/servicing/manufacturing**

- What methods are proposed to manufacture/produce or provide services for the market?
- What technologies are required and how advanced are these?
- What production servicing problems do you anticipate?
- What do you anticipate as the critical factors associated with your production/manufacturing/servicing operations?
- How important are these factors?
- To what extent do you anticipate you could reduce the importance of these factors?

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### **FOR MORE INFORMATION...**

- About business development, management and improvement: management procedures, benchmarking, strategic business planning, product and customer profitability, business process mapping, and profit improvement, you can contact the following **ABL Accredited Service Providers:**

- ABM Group – Ph: (02) 9416 9690 – [www.abmgroup.com.au](http://www.abmgroup.com.au)
- Australian Management Control – Ph: (02) 6285 4888 - [www.ausmanagement.com.au](http://www.ausmanagement.com.au)
- Consulting Plus (Sydney/Illawarra) – Ph: (02) 4229 8322 – [www.consultingplus.com.au](http://www.consultingplus.com.au)
- Corporate Partners – Ph: 0413 083 376 – [www.corporatepartners.com.au](http://www.corporatepartners.com.au)
- KMR Consulting (Sydney/ACT) – Ph: (02) 6294 2303 – [www.kmrconsulting.com.au](http://www.kmrconsulting.com.au)
- MTCA (ACT/VIC) – Ph: (03) 5754 1010 – [www.mtc.aust.com](http://www.mtc.aust.com)
- Northern Rivers Business Solutions – Ph: (02) 6628 6929 – [www.nrbs.com.au](http://www.nrbs.com.au)
- Pathways for Success – Ph: (02) 6282 7288 – [www.pfsuccess.com.au](http://www.pfsuccess.com.au)
- Peter Read Consulting – Ph: (02) 02 9460 0095 – [www.readconsulting.com.au](http://www.readconsulting.com.au)
- PJ Dawson & Associates – Ph: (02) 62829256 – [www.pjdawson.com.au](http://www.pjdawson.com.au)
- PSI Consulting – Ph: (02) 02 6248 0733 – [www.psiconsulting.com.au](http://www.psiconsulting.com.au)

- On the organizations that **ABL** sponsor, such as the **NSW Enterprise Workshop**, contact **ABL's Members Services** line on **13 26 96**.

# A THREE YEAR ACTION PLAN

**The 'balanced scorecard' method refers to crucial financial measures being factored into an overall business strategy . This member-only article outlines a three-year action plan of how one company successfully built and implemented a strategic management system based on the 'balanced scorecard' process.**

## **1. Clarifying the vision**

An executive team of ten team members was formed. They worked together over three months. Their mission was to develop a balanced scorecard which would translate a generic company vision into a strategy that is understood and can be communicated right the way down the line.

## **2. Communicating to middle management**

Over a period of four to five months the top three layers of management, 100 people, were brought together to learn about and discuss the new strategy. The balanced scorecard became their communication vehicle. Using the corporate scorecard as the template, each business unit translated its strategy into their own unit's scorecard.

Managers addressed the following basic questions:

- How do customers see us?
- What must we excel at?
- Can we continue to improve and create value?
- How do we look to shareholders?

This process took between six and nine months.

## **3. Eliminating non-strategic investments**

By the six month strategic priorities had been clarified and the corporate scorecard identified many active programs that were not contributing to the strategy.

## **4. Launching corporate change programs**

In this same period the corporate scorecard identified the need for cross-business change programs. These were launched while the business units prepared their individual scorecards.

## **5. Reviewing business unit scorecards**

Between the ninth and eleventh months the CEO and the executive team review the individual business unit's scorecards. The review permits the CEO to participate knowledgeably in shaping business unit strategy.

## **6. Refining the vision**

During the twelfth month the review of business unit scorecards identified several cross-business issues not initially included in the corporate strategy. The corporate scorecard is updated.

## **7. Communicating the balanced scorecard to the entire company**

At the end of one year when the management teams were comfortable with the strategic approach, the scorecard is disseminated to the whole organisation. This process is an ongoing one and the balanced scorecard is now a routine part of the management process.

### **8. Establishing individual performance**

During the thirteenth and fourteenth months the top layers of management linked their individual objectives and incentive compensation to their scorecards. This process is an ongoing one and the balanced scorecard is now a routine part of the management process.

### **9. Updating long range plans and budgets**

Five-year goals are established for each measure. The investments required to meet those goals are identified and funded. The first year of the five-year plan becomes the annual budget. This process occurs during the fifteenth to seventeenth months. This process is an ongoing one and the balanced scorecard is now a routine part of the management process.

### **10. Conducting monthly and quarterly reviews**

Corporate approval is sought for each of the business unit's scorecards. Following approval of the individual business unit's scorecard, a monthly review process supplemented by quarterly reviews that focus more heavily on strategic processes begins. This process is an ongoing one and the balanced scorecard is now a routine part of the management process.

### **11. Conducting annual strategy reviews**

At the start of the third year the initial strategy has now been achieved and the corporate strategy requires updating. The executive committee lists ten strategic issues. Each business unit is asked to develop a position on each issue as a prelude to updating its strategy and scorecard. Once again this process will be performed on a regular schedule.

### **12. Linking everyone's performance to the balanced scorecard**

Early in the third year all employees are asked to link their individual objectives to the balanced scorecard. The entire organisation's incentive compensation is linked to the scorecard. Again this process becomes a routine part of the management process and is performed regularly.

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## **FOR MORE INFORMATION...**

- The above Business Tip on the Australian Business Limited website – [www.australianbusiness.com.au](http://www.australianbusiness.com.au) - is part of a broad resource of information designed to help businesses improve their business activities.
- For help on developing your business plan, diagnostics, strategies, and management advice, contact **ABL's Accredited Service Providers** who can help you structure an effective management system. Call **ABL Member Services** on **13 26 96**, or
- If you want to know more about the individual **ABL Accredited Service Providers** and how they can assist you with your business go the [www.australianbusiness.com.au](http://www.australianbusiness.com.au)

## **A GUIDE TO BUSINESS PLANNING**

**The following information is a general guide to business planning. More specifically, it shows the value of ABL's capability to mine for information relevant to business, in particular, small to medium size enterprises. The value proposition is best information and often our researchers need to search outside of the organisation to find this.**

## **What is a business plan?**

A business plan is the central planning document of a business. It outlines the business the company is in, the industry, and what makes it different to its competitors. It's a document that changes with the business. It communicates to the people in the company the way ahead.

If the business plan is going to be the path that the company is going to go down in the future it's important to ensure that this is the way that you want to go and everyone is going the same way.

## **Why do I need a business plan?**

- To give the business the tools to analyse itself and implement change.
- To get money from a financial institution.
- If you want to sell your products overseas the business plan allows you to evaluate your potential in that marketplace.

## **What is in a business plan?**

Some key components of a business plan include: table of contents, executive summary, mission statement, situational analysis or SWOT analysis, critical success factors and budgets.

## **Business planning books**

### **The Australian business planning guide: creating a plan for success in your own business.**

Bangs, David

ISBN 1875889086.

Warriewood, NSW WoodsLane Press 1996

Shows how to create business plans that can be customised for simple or complex operations.

Fully worked examples illustrate each component, and three complete sample plans plus alternative plan outlines show how business plans can be put into practice.

### **Business plans for dummies.**

Tiffany, Paul Peterson, Steven D.

ISBN 1568848684.

Foster City, CA IDG Books Worldwide, Inc. 1997

A quick and easy reference with tips, techniques and expert advice. It teaches how to assess a company's goals and objectives, create a mission statement, understand the needs of customers and clients, and develop a plan conducive to marketplace changes.

### **Business plans handbook: a compilation of actual business plans developed by small businesses throughout North America.**

Kahrs, Kristin (ed.) Kahrs, Paul R. (ed.)

ISBN 0787612634.

Vol. 5. Detroit, MI London Gale Research, Inc. 1998

Includes 25 actual business plans and two fictional plans to be used as examples; these clarify the reasons why the business should exist or expand, and why a lender should fund the enterprise. It also includes a business term glossary, and a Business Plan Template to be used as a model to create business plans.

### **The definitive business plan : the fast-track to intelligent business planning for executives and entrepreneurs.**

Stutely, Richard  
ISBN 0273639307.  
London Financial Times/ Prentice Hall 1999

**The international instant business plans book: 12 quick and easy steps to a profitable business.**

Berle, Gustav Kirschner, Paul  
ISBN 0940673819.

Santa Maria, Calif. Puma Publishing 1996

Shows how to create a plan in 12 steps, and also offers advice in dealing with banks, investors and finance. It also shows how to raise needed cash quickly, simplify the business planning process and cope with financial data.

**Total business planning: a step-by-step guide with forms.**

Burton, E. James  
ISBN 0471316296X.

3rd ed. New York, N.Y. John Wiley & Sons 1999

This popular business guide answers key questions concerning the preparation and structure of a business plan. It provides methodologies for successfully constructing feasibility studies for new products, building short-term operation plans for business units, and creating plans aimed at the capital markets.

**Articles on business planning**

Hanrahan, John

**What makes a good business plan**

*Dynamic Small Business*, Dec/Jan 1994/1995 : 54-55

Paulyshyn, Jim

**Strategic Business Planning: seven lessons in developing an innovative approach**

*Management (North Sydney)*, May 1996 : 9-10

Posadas, Harry

**Show me the money: getting ready for investment**

*Australian Accountant*, Vol. 68 No. 2 March 1998 : 53-54

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**FOR MORE INFORMATION...**

- For more information on business planning call the **ABL Member Services** line on **13 26 96**.
- On how you can develop a financial plan for your business, contact one of **ABL's Accredited Service Providers:**
  - BDO Financial Services – Ph: (02) 9286 5657 – [www.bdo.com.au](http://www.bdo.com.au)
  - PKF Financial Planning – Ph: (02) 9240 9908 – [www.pkf.com.au](http://www.pkf.com.au)
  - RSM Bird Cameron Financial Services – Ph: (02) 9233 8933 – [www.rsmbcfs.com.au](http://www.rsmbcfs.com.au)
  - Westlawn Finance – Ph: (02) 64779904 - [www.westlawnfinance.com.au](http://www.westlawnfinance.com.au)

