
Business plans foster strategic thinking, manageable growth

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You've learned your trade, analyzed your market, forecasted your profits. But have you synthesized this strategic information in a business plan? One of the most important tools for small companies, a business plan helps you seek investors, evaluate your competitors' strengths and weaknesses and establish goals for business growth.

"Our business plan convinced us we could successfully run and expand a high-speed, full-service, color-print center in the Tri-Cities," said Jennifer Kissee-Stephens, a co-owner of Minuteman Press in Kennewick. Guadalupe Barragan, an owner and manager of the popular Casa Chapala eateries in Kennewick and Richland, relies on a business plan for ongoing decision making. "We used the planning process to pinpoint timeframes and locations for opening our additional restaurants and catering business," he said.

Bankers and other financial investors often require a business plan to make funding decisions. Your investors will want to know how their investment will benefit them, both financially and in their desire to support business growth. "Our plan showed us in black and white how much money it would take to begin operations," says Kissee-Stephens. "The investors we consulted focused on a few key points, such as our sales projections and our projected ability to ride out small to mid-size dips in the economy."

Most business plans contain certain standard information. One of the most important pieces is a situation analysis, which is a detailed discussion of business conditions, technological trends, relevant social factors, your competition and other factors pertinent to your operations.

You should also describe your target market, problems and opportunities, objectives and goals and competitive advantage. This is where you describe your customers, factors that may hinder or help you, what you want to achieve, ways to measure your progress and your advantages over others in the same business. Present your marketing plans in terms of strategy, tactics, schedule and budget. Calculate your break-even point. Present sales projections and cash flows on a monthly basis for a three-year period.

A valuable benefit of the planning process is the strategic, birds-eye view of your business that will emerge as you compile this information. The effort will force you to take a critical look at your own assumptions, strengths and weaknesses. Although a business plan cannot predict unexpected events that will challenge your business, it will prepare you to be resilient and resourceful.

Once your plan is complete, don't file it and forget it! Use it to track your financial projections and evaluate your marketing and other strategies. Your business plan should serve as a barometer of your operations and may be the only resource you have for assessing new strategies should you get off course.

"We conduct our planning for the coming year every September," said Barragan. "The family owners form goals for the next year. This yearly exercise has helped us identify which restaurants we need to focus on to grow." Said Kisse-Stephens, "Our business plan will help us to continually evaluate whether we are staying competitive in the printing industry. It also helps us easily monitor our sales and expenses against estimates." Business owners in the Tri-Cities can take advantage of local resources that will guide them through the planning process. For example, the Washington State University at Tri-Cities Business LINKS program offers a workshop for entrepreneurs that includes a business planning segment. Columbia Basin College has a business plan component as part of their two-year entrepreneurial program. CBC's Small Business Development Center offers free business planning consultation and a 12-session entrepreneur development course.