



Fiona Walsh

Without business plan, plan for heartache

Most companies lack vital roadmap

I was recently sitting over an espresso with Gail Conzatti, owner of KAIROS Designs, a Vancouver company that designs and produces handbags which are sold in nearly 200 stores across North America. Gail started the company four-and-a-half years ago, spurred on by a desire and decision to leave behind corporate life and follow her passion.

Most entrepreneurs I meet have a story like Gail. They got sick of being employed, they had a vision, they started a business. That is what is so exciting about the economy today – more and more people are opening their own business. They are following their dreams, taking the plunge and opening the doors. What makes Gail stand out from so many of the small business owners out there is the attention she pays to business planning.

Most business owners I encounter have no business plan in place. They have no idea what they are building or how they are going to build it. And in case you think this is restricted to small business only – think again. Research shows that only 10 percent of US businesses plan on a yearly basis; of that 10 percent, only 10 percent write down their plan and follow it. Of that one percent of all US businesses that write down their plan and follow it, the success rate is 98.75 percent.

Whether you own your company or work for someone, business planning is essential for success. There are three common mistakes I see people commit when it comes to business planning.

1. You don't have a business plan because you don't need funding.

Imagine if I told you to get in your car and drive to Chicago without using a map. You might end up getting there, but not without using a lot more time and gas than if you had used a map and planned a direct route there. Needing funding is not the main reason for writing a business plan. Knowing where you want to go and how you are going to get there is. Savvy businesspeople develop a plan so they know what next steps they need to take to build greater success. Gail wrote a starting-business plan be-

fore she even opened her doors. Now she updates her business plan twice a year – for the spring/summer and fall/winter seasons. As she says, “If you don't have a plan, you can't adapt to change. Without a plan, you end up being reactive and simply putting out fires. You lose control of the business.”

2. You have a plan, but you don't write it down.

It is amazing how many times I hear this comment – “I have a plan; it is all in my head. I don't need to write it down.” It is not a plan if it is not written down; it's a dream. To have substance you have to write it down and then you have to review it on a regular basis. This is the only way you will be able to track your progress and know when you need to adjust your course.

3. You have a plan but you don't forecast sales, cash flow or overhead.

That is like trying to drive your car without filling the gas tank. How successful can you be if you have no idea how much money you need to be making or where it is being spent? I have seen many businesses where sales increase year after year, but the overhead is out of control so the owner makes little or no money and they can't figure out what isn't working.

Gail attributes the success of KAIROS to good financial forecasting. “We know that revenue generation is key to cash flow so we forecast and track sales, production costs, marketing expenses and our bottom-line costs. It is essential that we know what is selling and what isn't. Because of this, we are always able to offer handbags that our customers love and continue to buy.”

We all have busy lives and it often seems like there is no time for business planning. Success doesn't happen by accident; it occurs when you plan for it. So make the time to write down your plan and then pull it out and look at it every month.

Fiona Walsh is one of only three business coaches in North America approved to provide the highly successful and popular Ghost CEO coaching program. An expert in sales and business development, she offers tips for growing your business at www.fmw Walsh.com.

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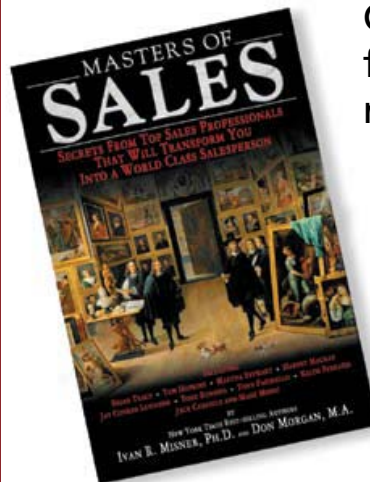
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