

BUSINESS MADE EASY[!]



Episode 99

Why You Need A Business Plan

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G'day G'day and welcome to the Business Made Easy Podcast where we make business easy. Jason Skinner, your host here for another week of the podcast that is all about growing your business, growing your bottom line profit and giving you a better life as a result. Thank you so much for joining me, wherever you are out there in the world.

I am absolutely stoked that you are here with us today. If you haven't already done so, remember to hit that subscribe button as I say every week. That'll make sure you get a each week's episode as we bring it out to you and you won't miss any, any valuable content that might help you to grow your business and have a better life as I say. So hit that subscribe button. And um, thanks so much for joining me today. We have got a great episode today, but before I do get into it, I do want to thank those of you that have been providing me feedback. We are at episode 99 now, which is this episode. And, uh, really, uh, capitally we have come so far with the podcast, but we have, and I want to thank you for your support and all you're listening in and taking the time, also to for those of you who have shared the show already, um, uh, or told any friends about the show. Um, thank you so much for doing that.

And, and, and if, if you know of anybody that could benefit from the show, don't forget to just share a link with them. Um, you can just share the website businessmadeeasypodcast.com and that will make sure that, uh, that they get the help or support that they need in their business as well. And it's how we grow and, uh, and keep the show coming to you each week. So whilst I rely on social media and iTunes and things like that to do a fair bit of this sharing it, there's nothing better than a, a warm referral from, from somebody who, uh, who's enjoying it and getting benefit from the show. So thank you if you've already done that and thank you if you do do that. So there we go. Alright,

today's episode, we've got a great episode. I'm talking today with you about business plans and business plans are one of my absolute favorite thing to do in business or business planning sessions I should say are one of my favorite things to do in business. Now a lot of people might say, hey Jason, you've got to get a life and, and you probably right, but I'm going to explain to you why I love business planning so much. And the reason, the main reason I love about business planning is that or the business planning process is that it's an opportunity to discover what could be.

When we talk about business planning, a lot of people think about some document that the bank is going to, you know, the banks making you fill in and want you to complete because they, and I had actually had this very situation, just, just the other week. Client came into me, wanted to borrow some money and the bank said, here you go and have you got a business plan? And I said, no, or here you go and fill this in and um, go and see your accountant. So incomes, uh, Mr client, and they sit down at the desk and they not impressed and they go, I said, so how can I help you today? And they say, Oh, the bank want me to fill this in, you know, uh, what is it? And, uh, two documents, basically. One was a business plan and the other was a cashflow statement, which I'm not going to cover today, but we'll save that for another episode. But he said, I don't know why the bank wants this, uh, it's just, just more paperwork and red tape. They're making me jump through to, to allow me to get the money.

Now. I said there's, hang on a second. Um, if I, if I was going to borrow money from you, um, you would want to know how I was going to repay that money, wouldn't you? You wouldn't just give me the money and I go and invest it and hope in on a, on a word that it's gonna be all good and it's all going to work. You would want to see that I had some form of plan or had thought about some way

of paying this money back, wouldn't you? To me, you know, you want to know there's no risk involved. You want to know how much risk involved if there is, um, how I plan on structuring the way I'm going to repay this back to you. Like you'd want to see all that stuff. And they went, oh yeah, I guess I said, well, there's one, there's one, there's one very good reason why they want the business plan. But I said, more importantly, let's just change the way we're thinking about the business plan and let's actually see whether or not the business you're looking at buying is actually the right business and these are going to do the things you want it to do.

And is it going to be a viable longterm solution and what threats are around the corner and what opportunities are, you know, there's an enormous amount of, um, opportunity and upside to doing this business planning process, properly so that don't look at a business plan. I guess this is my message to you don't look at business planning as a chore or a task that has to be, um, done. Uh, it should be done. Yes. A lot of businesses don't do them. Um, but look at it as an opportunity to sit down and pull your business apart and have a really good look under the hood and see what's going on. What opportunities are you not maximizing or taking advantage of? Um, what areas of the business that currently not performing as well as they should?

What, uh, what opportunities in your customer base are there that aren't being tapped into? What marketing is not working properly? What marketing is working? I mean there's so many elements to a business plan and components to a business plan that if they're done properly you will really reap the benefits of. So I do love business planning for that, for that. And I love running business planning sessions because when I run them with clients, I really get to to ask them questions and pull it apart and as I say, look under the hood and see what's

really, really going on in the, in the business. So, um, that's why I wanted to talk to you about plans today because I've had a number of situations recently where I was seeing businesses with no plan and I can tell you what, they haven't lasted very long. In actual fact, they now a very straight where our office is located. Uh, I've seen two or three, uh, retail type businesses just start up and close up within, within no time whatsoever without absolutely any plan whatsoever of how they were going to, um, how they are going to make it and survive. So very, very important documents.

So my first question to you, I guess is when was the last time you did a business plan? Have you done a business plan ever before? Uh, or been involved in a business planning session? Because the opportunity with, the good thing with business planning is that it doesn't cost you a, a cost your money to, to, to run a business planning session, but it doesn't cost you any money, uh, to, to actually flash out the ideas. I mean, as opposed to going and taking up a lease in a shop somewhere and hoping that, and setting up and buying stock and doing marketing and, and hoping that everything is just going to work out, the planets are all going to line up and everyone wants your product or service today and it's just the best product and service that anyone's ever, ever wanted. And, um, so it'll just work. Um, you know, it just doesn't work. Business just doesn't work that way.

So the going through a proper business planning process is going to allow you to, um, to map all that out, to ask all those difficult questions and get answers to those difficult questions and have some form of framework, um, of how all this thing is gonna work and, or not work and where the, where the risks and threats are and all those sorts of things. So I really, um, I really encourage you, um, if you haven't already done one, that that, sort of asked that question. Okay, when am I

going to do my business plan? And, and how old is my business plan if you've done one before, uh, but, but hey, is it time to get that out and dust it off? And if it's been some time and ah, and when I say some time, if you haven't looked at your business plan in the last 30 days, sorry, 90 days. Um, I would say that, uh, it's been far too long and it really is, um, the world is moving at such a rapid pace these days. Um, technologies are evolving, um, at an enormous pace.

And if you're not actually, um, if you're not staying on top of it and with where things are at, then, then I suggest that you may be missing or maybe missing opportunities that that could be there for you in your business. So I really encourage my clients to look at their business plan on a 90 day basis. And we're going to cover this in coming weeks cause I'm going to do another episode today I really wanted to just cover why business plans are so important that I'm, I'm thinking for episode number one a hundred we might actually go through, um, a business planning process and, and see what elements of a business plan should be in what you should be looking at in your business plan. And a very, very important point with business plans.

They are not, it's not the end document that I, I think is the, is the most important part. Um, for me and the for, for my clients, the things that the benefits I have seen have been through the, going through the business planning process. A lot of people have seen all sorts of business plans from, from a one page type business plan, which I've, I've, um, I covered in episode number four. It was actually a business if you've got a businessmadeeasy.com/podcast/episode4 and I'll put a link in the show notes today for you. I have an actual one page business plan, um, system that I, that I have that, that will, um, it's got a downloadable template and everything. Therefore you can fill that in and, and work through. It's got instructions on how to do it. So if you want to do it

yourself, you can, you can do that very, very simple exercise. But it's, it's, it's not as great as a more detailed one, but it certainly is, uh, certainly is better than having nothing. And it's certainly a great starting point for anyone who's looking to put a business plan in place, a good business plan. But, um, I've seen everything from a one page of right through to to sort of tomes and tomes of information.

Now the problem with the big lengthy tomes of information is that you never look at them again. They sit on your shelf or like, you know, just sit on your desk, whatever and collect dust and never ever get looked at. So I do like the one pager if it's done properly. Um, but, but you really want to have something that, um, it's not so much the, the, the end document that's important, although it is, but it's the process that you go through to come up with it. It's the, it's the quality of the content on the page, not the, not the quantity of the content on the page I guess is probably a better way to say it. You really want to make sure that you get down, down and dirty into those questions, those meaty questions and ask those difficult questions.

And that's why I think it is actually good if he can get somebody to host or, or, um, sort of run the business planning session for you. Um, if, if you haven't, um, done so because the reason for that is, is that they're impartial. They can see sort of things away, they're not so emotionally involved in the business. Um, as, as, um, as you may be. So, you know, I mean if you look at a business, I think all of us are guilty of this is that we know, you know, we're so invested in our business as emotionally and mentally and time and money and, um, you can get blinded, uh, by optimism sometimes and, and everything seems rosy. But unless you've got someone there digging down and asking you the right questions, uh, it can be, uh, can be, um, not as effective I guess is the word. It's still be good, but it

won't be as effective. Um, if you don't get to those, those critical, um, those critical answers to the, to the hard questions because, yeah well, that's the idea. We want to dig deep and work out the plan of attack. And I guess great analogy with, with, with um, you know, business planning is just looking at, to say you were going to build a house. Um, you wouldn't go and build a house without a plan. Um, you wouldn't invest money without, um, some form of plan lucky just, you wouldn't go and buy all the mat--materials and dig holes and borrow the block of land and all those sorts of get cap--, you know, just start doing things if you haven't got some form of plan of how this house is going to come together, what walls and the like, you know, what structural things are required. And a business plan is very much like that, that it, it's an I, it's a way of sitting down and actually, um, working out what it is that we want to build.

Where do we want to take this business? What do we want it to do? What's it got to do for us? What returns is it got to provide? So we want to look at those, um, those things and that that's some of the, the critical things that you can do. 1.2, with a business plan. If you don't know where you're going, if you're just winging it, uh, let's say you, um, you get up in the morning and um, we, uh, let's say for instance we've been making, um, a macrame fruit bowls and for a hobby and we've, someone said they are really great, great fruit bowls. Um, they've never seen things like that before. I haven't eaten them myself personally, but, um, we, uh, you know, the, the fruit bowls are going great and um, so you decided to sell them or some people say, someone suggest to you why you should open a stall at the markets and you should sell them. So off you go with you macrame fruit bowls and they sell really well, then they can decide, oh, I should sell them online. So you start an online and it grows and grows and just evolves. You know, that this happens in businesses. I see them evolve from hobbies and passion projects. And you kind of can get into that false hope of

false hope, but that false belief that you don't need to have a business plan as such, you can just, you can just wing it as sent there. They all seem to be far in nicely. But, but here's the thing. What if you build an empire around macrame fruit bowls and all of a sudden the main supplier of your materials, um, you can't buy them, you can't buy it anymore. Uh, or there's a competitor sparks up next to you making macrame fruit bowls as well. And next thing you've got competition on the same, but you've got this business structure that that has to do, um, what it, what it needs to do and, but you haven't foreseen that.

So the business plan really is a document and process of digging down and identifying that. And it's, it's a roadmap of where it is that your, uh, is going and, and what it's got to do and what it's not doing, et cetera. So another sort of good reason for, um, doing a business plan. But let's just say you, um, you build your macrame fruit bowl empire and then you start getting staff. What if they don't know where it is that you want to take the business? So, you know, business plan will help you to communicate to the staff, to your team, uh, where it is that you want this business to go. What's the vision of the business? What is it that we ultimately want to do? Who do we want to serve, uh, in this business? And what problems do we solve in the, in this business? Um, critical questions that are, that a business plan is going to help you with. Um, what, uh, so, so it does give not just you direction of, you know, what it is that the business is doing or where you want to go, but also where you're going to take the business and communicate to others who are involved in your business. It'll help your finances to know where it is, as I mentioned before, in terms of the, the, the chaplain was wanting to borrow the money, um, you know, he's financing. I wanted to see how he was planning to operate this business and what sort of business, what did it have to do, where was it going? They want to know all that so that they can, um, safely lend you the money and see that you've got all that

sort of thing sorted. And just on that, uh, on that finance, some people need finance for their business, others don't. But I'll just touch on this. It is far easier to borrow money if you go to the bank with a business plan in place and a cashflow statement. Another episode though, a far easier to go to, to borrow money and get approval for money with a well thought out and deed tout , accurate current and underline the word current business plan because I can see you already on top of it. They can see that you've already thought about all the difficulty in difficult questions and things like that. So just a, just a sideline tip there for you. If you borrowing money from the bank or you're going to borrow money from the bank? Um, always always go with, uh, with a business plan. They are going to go ask you for one anyway, you better off to actually do that and that it speaks volumes to the lender when you, um, when you're going to borrow that, borrow that money.

But sideline issue, we digress. So, um, we sort of understand the importance of a plan. Now we understand the um, why, why they are important, but I want, I want you to also understand that it's not a set and forget exercise. Um, if you're looking at, um, if you're looking at a business plan, we want to update them regularly because technology is changing as I said, um, customer's expectations are changing daily, if not by the minute, uh, they're getting more and more information out there. More and more things are happening and more and more opportunities are arising. So it's very, very important that we keep checking in with our business plan to see that it's still valid. It's still still got us heading in the right direction. Think of it as like a compass and a map. Um, is it pointing, is still in the right direction? Are we, are we approaching the right frontiers? And and terrain or are we approaching some rocky terrain in this, some competitors or some threats to our, our business. So think of a business plan like that is, it's a should be a dynamic document that you are looking at regularly and um, and,

and making decisions around regularly because it is a guiding sort of, um, document. And if you're not using it, um, to help you make your decisions, then uh, maybe it's not right. Maybe the business plan your you have is out of date or not valid for what it is that you're trying to do. And one really, really important point, and I suffer from this one myself a lot is with a business plan, the benefit, one of the benefits for me or the business plan is it keeps me focused and on point of what it is that I need to be doing when I'm making decisions in our business. I don't know about you, but I get a ton at absolute ton of new, um, opportunities, ideas, products, programs, conferences, seminars, marketing material, marketing ideas, um, daily. I just get a ton of it. It might be that the profession I'm in, but I do and I, and I get, uh, my inbox seems to always, um, just get bombarded with this stuff and it's very, very easy to go down the marketing, you know, get caught up in a marketing funnel somewhere. And next thing you know, you're buying something that's not relevant for where it is that you actually want to take your business.

So it's very, very easy to lose focus. And that's one of the great things with the business plan is that it will keep you focused if you use it properly. And like I'm suggesting a look at it regularly and keep it up to date. It will keep you focused on what's actually important in your business and help you filter out all the noise. You know, all the stuff. Not that the other stuff is, is bad, uh, or, but it's just not relevant for where you are in your business away for the plan that you have for your business. So um very, very easy to, to lose that focus. And that's what I do love about business plans. And, and in the business planning process that keeps you coming back to the truth, your true north, if you like, and what it is that you need for your business. And then you can go out and get what it is you need to help you account accomplish what you goals of. You have your plan in the vision you have within your business plan, uh, tackle the risks that are in

your business plan. You can go and get the right resources that you need and a lot of things fall into place. That'd be like a little bit like, um, oh Geez, I'm full of analogies today, but a little bit like trying to do a jigsaw puzzle without the picture of what it is you're trying to put together. I've never used that one before, but if you think about trying to do a jigsaw puzzle, you'd be virtually impossible to do, wouldn't it? Without the, without the picture of what it is. You're trying to put all the pieces together. And that's, that's a great way to think of a business plan. It's that, it's that guiding document for that. So, um, and then how often should you look at your business plan or what should you do with it once you've done it?

I would absolutely recommend that you break down in the business plan and the, the plans that I put in place, uh, with my clients, we break them, break the plan that we usually do a 12 month plan. And so that, that 12 months is, is what it is that we want to do in this next 12 months. What do we want our business to look like at the end of 12 months? We break it down into quarterly segments, 90 day blocks and in the, and then we, from that 90 days, we break it down into months from there. So, so we can say right at the end of the 12 months we want it, we want our business to look like this. And then we say, okay, well what would we have to do in the first 90 days to move? You know, what would we have to achieve in that first 90 days to set us up ready for the next 90 days. And then we ask the same question again, break it down into into four, four nice big chunky bits. And then we break that down into smaller tasks so you can get that 90 days, the first 90 days alright, month number one, what do we need to do month number two, month number three. And so we, we get those action goals in place for that and then we get to work and we focus, we stay focused on those 90 days. And that is really, really important to achieving success and using the, the business planning process to achieve success in your business. So I really, that's

sort of a bit of an outline of how I do it, um, with my clients. But um, yeah, it's, it's something that, that that has worked really, really well for me too. It just keeps me focused and on point and on track with where it is that we're, we're steering our ship where we're going. And it makes it very, very easy, as I said, to communicate to your people, to your team and all those sorts of what they need to do in the next 30 days or next week or 90 days. You can clearly say to them, hey, this is where we're going. This is all we want to focus on in the next 90 days. And, and gives them clear, clear, um, understanding and going. That's a little bit of a, an outline of, um, why business planning is important. Um, how often you should be looking at them or really encourage you to look at them regularly. Um, it is never too late to do a business plan. Um, as I said, if you could have been in business for 20 years and never done one, um, it's not too late for you. It's not too late to actually, um, so actually I might do one of those business planning sessions and I might actually look under the hood and I might actually see what's going on.

Likewise, you might be just starting out in business and you go, Oh God, I'm too small to even have a business plan or I, I wouldn't, um, I wouldn't know where to start. You know, it's not for me. Wherever you are on the spectrum in between there other end of, it's not too late to do one. And I would encourage you to, to do one. I personally like to start every new financial year with one. I do mine on a, it's sort of a July basis. That's another reason why I'm talking to you today about this is because I've just finishing my business planning process of myself and uh, I do them annually so that I can see exactly what it is that we're going to do in this next 12 months.

And what I'll do love really, uh, uh, lights me up is when I look back at the last year and we actually can see how far we've actually come and what we've

achieved and, and the results that we've, we've, um, we've got as well. So, uh, or in some cases haven't, haven't achieved some, you know, there's, it's not always rosy. You're not always going to have, ah, Geez, we just shut the lights out. You know, there's reality in this and the reality is sometimes you won't do as well as, as you expected for whatever reason, but the business planning process will highlight why and it will, um, it will, it will help you to do better going forward and point you in the right direction as you, as you go forward. So another, another important element there.

All right. So, um, it's not too late as I say. Um, it's never too late. And you should always be looking at, if you have, have done them in the past and, and um, and you, um, haven't looked at it for awhile. Again, that's another reason why you would, you would, um, pick one up and do that. In the next episode of the podcast. I want to go over, um, the business planning process. What's in a business plan, what should be in a business plan and, and, and we'll cover off on those for you so that you can look at all the elements, um, to help you, uh, get one put in place. Um, go and check out my business plan on a page, um, template. If you go to the businessmadeeasypodcast.com, episode four, um, episode posting there on the website, you'll, you'll be able to get the downloadable templates and the instructions on how to fill them in absolutely free. Um, there's, there's not no hassle there.

I really want to help you with this and I want, I want you to be able to do them, um, and also consider getting someone, um, myself or somebody independent that, that understands the business that can come in and, and facilitate these, um as I said at the start, they, you do get, um, far more, uh, extraction and information, quality information coming out of them. If you've got someone, there asking you questions and digging deep and actually helping you to come

up with the, um, help, helping you to come up with the new ideas. And really, yeah, just exciting, it excites me to think of new ideas and what can be. So, um, you know, a business doesn't have to be a drudgery. It can be, can be exciting and thrilling to go out and see what can be achieved in the world. And, uh, and that's what I want for you, uh, all of you and each of you to, to go out and, and really explore what can be done with your businesses and grow, um, grow to the potential that they can be.

All right. So I hope that's been helpful for you. If you've got any feedback or questions about business plans, just drop me a line of jason@businessmadeeasypodcast.com I'm here for you and as I am every week, uh, I want you to grow and I want you to just succeed. Next week we're going to be doing episode number 100 and we're going to be talking business plans once again, but we're going to be talking about how to do them, as I said, and what elements you should have in them. But until next week, I'm going to hand you over to Mia, don't forget to join our free Facebook group if you haven't done so already. That's, that can be done at businessmadeeasypodcast.com/community uh, and um, I'll see you over there, uh, when you join up for that. So until next week I'm going to hand you over to Mia and I want you to have a fantastic week. Here's to your success. Take us out, Mia.

Thank you for Tuning In

We hope you enjoyed this episode.

If you have any feedback or questions about the content in this episode please don't hesitate to drop me a line at jason@businessmadeeasypodcast.com I would love to hear from you.

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Thank you again,
I appreciate you!

*Regards
Jason*