

Solutions

PROBLEM: You've got a great business idea and are ready to take the plunge. But what do you do next?
SOLUTION: Make a business plan.

A goal without a plan is just a dream, and so it follows that a business without a plan is destined for difficulty to say the least. It's a lesson Kate Forster learnt the hard way. She started Dogma, a marketing and advertising company based in Melbourne, with her husband. Both creatives, their interests lay in the output: making websites and TV commercials. Neither was interested in the business side of things. Although they had a vision, they didn't have a plan. "I can't believe how naive we were," she says, looking back.

The world changed after the September 11 attacks, she says, and spending lots of money on things like marketing was seen to be "a bit gauche when the world was in trauma". Businesses similar to theirs began folding and merging. "We hung on, but only just," she says.

Determined not to retrench any staff, they bore the financial brunt and ended up in significant debt. So Forster reinvented her business. She switched off the TV and started researching. "All I did for a year, and I set myself this goal, was to read business books," she says. Then, "I took the lessons and put them into place. Unless you create business values, nothing's going to change. That was the difference for me. I put that into a proper business plan and out of that came an action plan and out of that came a monthly to do list and so on. And within a year, I'd turned my business around."

Not only did their business start turning a healthy profit, Forster is now evangelical about the benefits of a business plan and she's written a book about her experiences, *Spiritual Business: Creating a Business from the Heart* (available from www.spiritualbusiness.com.au, RRP \$49.95).

One of the biggest mistakes people make when creating a plan is to have

unrealistic goals, says Naomi Holmes, who works for ANZ and has a decade's worth of financial planning experience behind her. "You've got to make sure that your goals adhere to the SMART acronym, which is the specific, the measurable, achievable, realistic and the timely," she says.

She also advises to "get all the information before you make a decision". To this end, she says it's important to have a good accountant, a good lawyer and a good financial planner. "It's important to emphasise that each of those three people are their own specialists and you need to seek advice from each area, so don't think 'Well, I've been to an accountant so I don't need the other two'."

Also important to consider is superannuation, particularly if you have staff; if going into debt, make sure you have a strong risk insurance plan. Right at the very beginning you should also be thinking about the end, making exit plans or a succession plan for the business. While Holmes admits it's easy to get excited with all the positive plans, you also need to consider the more negative 'what if' scenarios and what can go wrong – and have contingency plans. "All the desires and hopes in the world can become shattered by not properly

WHAT SHOULD BE INCLUDED IN A BUSINESS PLAN?

Sam Leader, editorial director of Flying Solo, has these tips:

- A vision must be at the heart of your business plan. It answers the question: where are you headed?
- A mission – what is it you do?
- Values – what do you stand for?
- A definition of your target market – to whom are you appealing?
- Your proposition – what are your core offerings?
- How are you different to your competitors?
- A marketing plan – how are you going to promote your business?
- A financial plan – how are you going to fund it, and where and when will the revenue arrive?
- A list of key strategies to achieve your goals
- Timelines are essential but need to be flexible to accommodate changes within your business.

Sam Leader co-authored the book *Flying Solo: How to Go it Alone in Business* (Allen & Unwin, 2005, RRP \$22.95) www.flyingsolo.com.au

"All the desires and hopes in the world can become shattered by not properly factoring in all kinds of risks."

Naomi Holmes, financial planner

factoring in all kinds of risks," she says.

And that's why the key word is planning, continues Holmes. "It's the least exciting part, because all you want to do is get out there and get your hands dirty, but without planning you're really setting yourself up for a hard time."