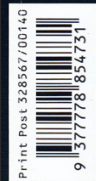


They're **INNOVATIVE**,
AUSTRALIAN and
CHANGING the world
(one idea at a time)



BUSINESS PLANNING PAGE 66
COMMERCIAL READY UPDATE PAGE 52
SEARCH ENGINE MARKETING PAGE 70
INDUSTRIAL DESIGN & PROTOTYPING PAGE 74

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↓ PART I: BUSINESS PLANNING & CASHFLOW ↓

A seed without soil is just a kernel of squandered potential. The desire to grow, the biology, the opportunity... it's all there. It just needs the right help to awaken and thrive. A business without a business plan and the right financial structure is no different. Get organised right from the get-go and from little seeds, your idea just might sprout like ivy.

HOW TO WRITE A PLAN ON A POSTCARD

By Theo Afkoudias

When attempting to understand 'how to write a business plan' it is often better to first ask, 'What is a business plan anyway?'

You see, there is no single definitive answer. If you look at any two business plans you will quickly notice that their differences in size, content, nature, colour and presentation, will often far outweigh any of their similarities. While we all agree that every business should have a business plan, the main reason why most businesses don't is largely because most owners don't truly understand what a business plan actually is to begin with - because there is no clear answer.

In its broadest description, a business plan is a document that includes elements of the past, the present and the future. Beyond including these elements, the rest comes down to personalisation. This is actually great news because with this knowledge, you can throw away the rigid, boring, 'must follow', step-by-step instructions that lead most business owners into the despair of business procrastinating rather than business planning.

The 'Postcard' Business Plan

Often the best way to start is to create what I call the 'Postcard' business plan. Why? Because the finished product should be concise enough to fit on a post card. If you do this with me now, hopefully you'll never fear the business planning process again.

STEP #1: THE PAST - DESCRIBE YOUR PAST AND THAT OF YOUR BUSINESS.

My name is Theo Afkoudias, I have an Accounting Degree and Masters in Marketing. I am a Director of www.businessplans.com.au. This business has been providing business planning services for eight years.

STEP #2: THE PRESENT - DESCRIBE YOUR PRESENT BUSINESS (MARKETING USED, HUMAN RESOURCES, OPERATIONS AND PROVIDE A FINANCIAL SNAPSHOT).

The business currently uses online marketing and relationship marketing. It employs two directors, one coordinator and six consultants. It has standard office operations and revenue commensurate with servicing approximately 300 clients annually.

STEP #3: THE FUTURE - DESCRIBE YOUR FUTURE BUSINESS GOALS.

Our business goal is to increase revenue by 50 percent over the next two years.

Is this a 'good' business plan? It's better than not having one at all! And I bet no one else you know can pull their business plan out of their back pocket and use it as a coaster.

But where's the SWOT, mission statement, market analysis,

five-year objectives? you might reasonably ask. Well, if you've completed your postcard business plan, you're well on your way to taking this next step and preparing a fully fledged A4 size multiple page document that may even (or may not) include some of these well worn items.

The good news is that your 'postcard' business plan has given you a very basic structure from which to expand, elaborate research or even simply cut and paste other information from your PC or Mac.

What you include in which section may now be 100 percent personalised for the reader or audience to whom you intend to show your plan.

Creating your 'Postcard Plus' Business Plan

Here are some suggested ideas that you can use to expand each section to create your "Postcard+" business plan. Again, you will need to ask what content is most relevant to your audience. (What is the purpose of my business plan and who is likely to read it?)

STEP #1: THE PAST

- Create a biography on each director and/or manager with a summary and full resumes as appendices.
- Describe your business history, including all key milestones reached and any major accomplishments.
- Summarise all key financial data since business commencement (revenue, profit, margins).
- Outline key relationships with customers, suppliers, mentors and any others that contribute directly or indirectly to the business.

STEP #2: THE PRESENT

Outline all your current marketing activity and budgets (online, print, radio, local newspapers, etc.).

Provide a Human Resources organisational chart.

Describe your operations - the nuts and bolts of your business (processes, software, hardware and key assets).

Highlight external Influences - outside factors that might affect your business.

For years, business plans have invariably included, in an almost stock-standard manner, a heading such as, "General economic conditions can affect business outcomes." Ouch! But ain't it true.

Common external influences include:

- Government policy changes. (Will that local government rezoning policy affect my 1,000 unit property development?)
- Legislative changes. (What!?! You can't smoke that in Australia anymore?)

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Did you know...

"According to the Small Business Advisory Councils' own research, new-start businesses have a 50/50 chance of success.

Even worse, pre-existing businesses in today's economic climate have a less than one in five chance of ever achieving 'economic profit' for their owners. A lack of planning is ranked number five on the list of why these businesses fail.

Conversely a recent study of Australia's fastest growing businesses revealed 68 percent had a business plan, and those businesses recorded a growth in profits that was 69 percent faster than competing businesses without a plan.

Therefore, this suggests that simply writing a business plan increases the chances of success by a factor of five. Not planning is like going on a treasure hunt without a compass; expecting to fly solo without taking lessons; or doing the same thing each year and expecting different results."

Kevin Lovewell, Corporate Solutions (Aust) Pty Ltd, Writing a Business Plan that Actually Adds Value, June 2008

your customer segment, plus your target market... stay with me now.... then ask yourself, 'What are my future business goals?'

Typically, you may have revenue and profit goals that have been determined with consideration given to all the elements above. But what are the tools you'll use to achieve these goals? In short, there are three tools available for tweaking; marketing, human resources and operations.

Will your goals be reached by altering one of your marketing activities, changing staff in any way or amending the operations of your business? Can you afford these goals? Financial projections will soon tell you. Do your newly tweaked tools lead to a red or black figure given the timing of your projected sales increase?

To finish up, there's one more thing to consider. All things being equal, which business would you think would be valued more from a potential business purchaser, the source of a loan or an investor - one with a documented business plan or one that is 'winging it'? It might be time to get your hands on a postcard.

Theo Afkoudias is a director of The Financial Writing Company. His background includes professional accounting and post-graduate marketing qualifications.

- Technological changes. (Do I really need to buy a Blue Ray DVD player?)
- Competitors. (Will a franchised bakery next door affect my bread sales?)
- Cultural /social. (Do I really need to translate that moussaka recipe into English?)
- Industry and market. (Are you still holding onto your Beta videos?)

On this last point, industries and markets often have a way of changing their attitudes and desires quickly. Ask yourself questions such as, "Will there ever be a market for small portable devices you load music onto and listen to on the way to work, at the gym, jogging, at family events and everywhere else? Or will people will always prefer to focus on sleeping while riding the train going home from work?"

STEP #3: THE FUTURE

You can break this part into chunks.

Mission statement: Why are you in business? Actually, you need to ask yourself the second purpose for being in business, not the obvious "to make money" reason.

SWOT analysis: What are the strengths, weaknesses, opportunities and threats facing your business and what you're going to do about them if they are negative and how you're going to exploit them if they're positive.

Customer segments (targets markets): Think people here. Describe the groups of people who purchase what you're selling. Where do they live? What is their gender and age? Which groups should you target and why?

Goal setting: Consider your background, plus business past, plus any external influences you've discovered may affect your business, plus your current marketing, HR, operations, plus elements of your SWOT, plus your mission, plus

THREE REASONS TO WRITE A BUSINESS PLAN:

THIRD-PARTY REQUESTS: The first and most common reason most people write a business plan is because someone else has asked them for one. In my experience, this accounts for approximately 90 percent of business plans being written by SMEs.

INTERNAL STRATEGY: The second reason to write a business plan is to document the forward internal direction of your business. In my experience, this accounts for approximately 10 percent of business plans written by SMEs. In a perfect, world the figures would be reversed.

YOUR HOLY GRAIL: The third reason to write a business plan is to have your very own Holy Grail. One living and evolving document that can at all times reflect your past, your current situation and your future.



BUSINESS PLANNING TRILOGY WORKBOOK.
To access Theo Afkoudias's 50-page Business Planning Trilogy Workbook, download the link to your mobile phone with the QR code.
SMS 43857. What's this? Go to page 8.