

THE ONE YEAR BUSINESS PLAN/BUDGET

Is about:

- **Maintaining your current business model (status quo); and**
- **Doing what you are doing better.**

The one year plan should be a by-product of your three/five year plan: Includes "investments" moving you towards your three/five year plan (the strategic drivers).

Some areas of the business should have an 18month rolling budget/plan eg Promotional Plans for retailers

Many adopt a three/five year plan as an extension of the one year plan. They take the one year plan and project forward growth, sales, margins, overheads and resource requirements. These Plans should include an integrated profit, capital expenditure, balance sheet and cash flow approach. This has a value as it will demonstrate constraints in resources, including working capital/funding/cash flow and balance sheet issues (will identify some strategic changes needed). However this is the same business model rather than challenging whether this business model will be as relevant in three/five years. While historically major changes/paradigm shifts in industries happened only every 10/20 years and medium ones only every 5 years these are now occurring more frequently with drivers such as technology, a world market rather than country market etc

The value is in the planning process, as much as the end plan.

Define what outcomes you want to achieve from the planning process..an agreed common direction, ownership of , building a team , acceptance and willingness to embrace change, develop/define the desired culture.

It is not an accounting exercise but does provide an accounting framework.

If we do not learn from the past we are doomed to repeat it. However, importantly we do not want to get stuck in the past. Drive looking forward, not looking in the rear view mirror.

Doing more of what has not worked will not make it work.

The number 8 wire concept is a past model. You can not do it on your own , you do not need to have all the capabilities in house.

What worked yesterday can be tomorrow's receipt for failure.

The feeling you are a bit stuck often creeps up on you but you do not have to stay there. It is not your circumstances that keep you stuck where you are, but your unwillingness to change them. You have to seek new circumstances.

There is a natural default mechanism to go back to what you know and are comfortable with, what is familiar. People around you will try to do the same. That is the problem of not really crossing over.

There are many sayings about planning:

without many (right) advisors you will fail

without a Plan the people will perish (be all over the place , going in different directions)

not to Plan is to Plan to fail

THE THREE/FIVE YEAR BUSINESS PLAN

Is about:

- **Future proofing your business;**
- **Defining a new business model or revisioning/refreshing your existing;**
- **Defining/Creating what will be;**
- **Reflecting market and industry changes;**
- **Building competency and capacity for this new business model;**
- **Setting some BHAG (big hairy achievable goals) that will get you there - strategic change drivers. Start with the most important ones;**
- **A more flexible plan that is regularly checked and tweaked.**

The three/five year plan is a dream of a better future, but it needs an architect who will show others how to make it reality (refer to the strategic framework).

It needs to be a compelling (appeal to the emotions) vision, with sufficient detail and belief that it is achievable.

Passion is the starting point for achievement - it provides the energy to fuel achieving your dreams. Ultimately it is not your talent but your desire (motivates change) that determines your destiny.

Illustration of Revised or New Business Model

Wholesaler, Boat Manufacturer, Printing Company, alternative growth strategy, Xerox

Developing a Three/Five Year Plan needs a disciplined approach.

Avoid the micro wave approach/mentality. It will take time, a few sessions

Analysing, thinking and forward projecting your industry planning.

Ignoring your current business model initially - the clean white page approach.

Recognise your customer **buys what is of value to them** (which can change, you can influence and become a strategic partner for them) **rather than what you have** - a product/service focus.

You need clarity of what business you are in. Not always as clear as you think.

SWOT analysis – identify your sustainable competitive advantage.

You need a realistic understanding of your current situation.

You need to be able to differentiate between cycles, trends and fundamental changes to the way we do business - paradigm shifts, business and industry specific. Paradigm shifts are occurring more quickly and more frequently. Where profit is derived can change.

Increasingly to survive businesses are forced to address issues they have avoided and do it more quickly - poor performers, cross-subsidisation, unprofitable products/services/customers. These can all be major rather than incremental shifts.

Many businesses:

- try too much, thus their execution is poor (focus gets results);
- have developed a detailed plan but rarely refer to it, and are too generic; and
- do not set specific, measurable, achievable, relevant and time bound goals.

Appoint a person/champion to be responsible for each major strategic goal.

Put in your calendar first a regular time each month to review performance with the champion and group.

Celebrate your successes. Everyone should know when you have met a goal.