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# Deadly Mistakes

Business Owners Make



Common sense solutions to  
all too common business blunders



**VINCE VALENTI**

*~ Founder, Your Business Planner ~*

## **Deadly Mistake # 1**

### **Failing to Plan – Plan to Fail**

#### ***Every Business Needs to Plan***

You've probably heard the saying "Failing to Plan is Planning to Fail" and I couldn't agree more. Can you imagine building a house without a blueprint? Imagine the confusion the builder would have, and who knows how that house would turn out? With upfront planning and preparation, you can prevent disaster from happening to your company or product launch.

#### *Who are you writing the Business Plan for?*

Regardless of what some books or websites may claim, there are no shortcuts to writing an all-encompassing Business Plan.

If you have to write a fully detailed and polished Business or Marketing Plan for presentation to an executive board of directors, bankers, angel investors or venture capitalists, this guide won't provide all of the information you would need. Formal Business Plans require a tremendous amount of research and effort.

However, if you are launching a new business, a new product or service within an existing company, then read-on. I will give you the tools you need to start a plan and help you realize that it doesn't have to be difficult to write a Business Plan. You'll see that the questions you must answer will be generally the same as with a fully detailed Business Plan.

#### *Tough Questions*

Writing a Business Plan is like writing a story using the W5 approach: Who, What, Where, When and Why, and let me include How. You have to ask yourself some very thought provoking questions and answer each one with brutal honesty. Once you've gone through this exercise, you'll uncover information that will help you avoid pitfalls, manage business risks, kill bad business ideas before you get started and move you towards eventual success.

I've listed some examples of the questions that you must ask yourself. Please refer to Figure 1 titled "Business Plan Overview" for a more extensive list of questions. Remember...be honest and don't lie to yourself!

## *Who, What, Where, When, Why and How*

**Who** will be the people (or companies/suppliers) that you'll need to help you execute your plan. List the Strengths, Weaknesses, Opportunities and Threats (SWOT Analysis) for yourself and for each member of your team.

**Who** are your competitors? Develop their SWOT Analysis to list the opportunities they may have made available and finally, what threats do they pose to your business. Threats do not necessarily have to be associated with competitors. There are other threats that you should consider such as; changing regulations, licensing or uncontrollable economic threats, ex. stock markets, gas prices and interest rates. And now, we astonishingly have to think about how we can manage our businesses through a global health crisis.

**Who** are your potential customers, and why will they buy your product or service? You should list the target client type that you're going after. Ex. First time homeowners and why they will buy from you, instead of your competitors.

**Who** will be responsible for implementing your plan through to completion?

**What** exactly do you plan to do? Whether it's starting up a new business or you're introducing a new product or service.

**What** is your Unique Selling Proposition (USP). What costs are involved and what will you offer to the public. Is your market growing, declining or is it a saturated market?

**What** will be the price point that your product will be offered for?

**What** are the short, medium and long-term goals for your company?

**When** is the timeline for all of the various goals and tasks that must be performed in order to start your company or introduce a new product or service? You may have several key timelines that could stretch out over several months or years.

**Where** will your business office be located? Will you have one or more locations?

**Where** is the target geographical area that you want to promote or market your business, products or services?

**Why** do you think your company or offering will succeed?

**Why** does the marketplace need your business or offering? What makes you unique or more competitive than others?

**How** will you market and promote your service?

**How** will you grow (forecasted) over several years?

**How** will you finance the early stages of your business or promotion?

A few words of warning:

- Don't take any shortcuts in your analysis. What proof do you have that your analysis is correct? As an example, if you believe that the market for product A is \$100 million dollars, then find third party evidence to support your analysis.
- Don't underestimate your competition. A smart competitor may feel threatened and may retaliate by updating or adding new services. You should be prepared for this and develop both an offensive and a defensive strategy.
- Share your plan with your important stakeholders such as staff, spouse and professionals who you can trust and respect their feedback
- Continue to update your Plan as you begin implementing it. Some components may not be working as well as expected, and some may be getting great reaction from your clients. A business and marketing plan should be reviewed and updated on a regular basis, when required.
- Whatever you do, don't just throw the Plan into a desk drawer. It must be implemented, refreshed and referred to regularly to ensure you are staying on track. The effort and research you've put in will help guide you toward success.

I've prepared a sample table of contents that your Plan should have. Starting with a table of contents will ensure that all pertinent considerations are addressed and it will help to organize your thoughts.

## **Sample Table of Contents**

### **Corporate Direction**

My Vision  
The Opportunity  
Capital Requirements  
Payback and Exit

### **Company Overview**

My Management Team  
Strategic Alliances  
Financial Status

### **Our Offering**

Our Product/Service  
Getting to Market  
Further Research

### **Market Analysis**

Market Profile  
Target Market  
Competitive Analysis  
Risk Analysis  
Competitor Analysis

### **Marketing Plan**

USP  
Sales Strategy  
Promotion/Advertising  
Distribution Strategy  
Community Involvement

### **Financials**

Sales Forecast  
Break-Even Analysis  
Budget  
Income Statements  
Balance Sheet  
Cash Flow Analysis

Figure 1

## Business Plan Overview

