

## Writing a Business Plan that *WORKS*

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When your business plan comes off the shelf to become the blueprint for your business, you have a business plan that *WORKS* because it creates the clarity and direction that is essential to business success. According to SCORE, your business plan should be a “living document.”<sup>i</sup> Done well, your business plan flows easily



Figure 1 by Chad McDermant

into the planning process since the critical metrics that measure how you

are doing can be drawn directly from your plan. According to Michael

Gerber, an effective business plan will establish both the strategic objective and strategic purpose for your business, but must also be flexible enough to be responsive to environmental changes.<sup>ii</sup>

As stated in [Planning is a Process](#), the planning cycle includes systemic “internal procedures and practices that not only instigate but also sustain the conversation around individual, departmental and organizational assessment that supports continuous learning and improvement.”<sup>iii</sup> Therefore, in order for your business plan to *work*, it must develop systems that define clear implementation strategies and timeframes, create data collection and reporting processes to monitor performance and establish benchmarks to measure business results.

SCORE advises that business owners should “Establish an annual operating plan. Review it and update it monthly with appropriate employees”<sup>iv</sup> in order to build a sound business.

The metrics that will effectively measure business performance and outcomes differ by industry. For



Figure 2 by Tomaz Levstek

example, you may chose to measure growth by outcomes such as changes in the number of new employees, number of product lines, market share or number of markets depending on the nature of the operation. Similarly, you may decide to

measure performance by revenue, productivity, profitability, or return on investment.<sup>v</sup> Gerber asserts that managing performance effectively depends on tracking meaningful information by measuring the criteria that focus on the realities of your business.<sup>vi</sup>

So, does planning make a difference? As reported in [Planning and Small Business](#), assorted research projects have demonstrated the potential benefits of business planning.<sup>vii</sup> Although the statistics on business failure are sometimes daunting such as the findings of studies conducted by Headd, Shane and

Phillips & Kirchhoff that suggest that 33% of businesses fail for performance-related reasons,<sup>viii</sup> developing business plans that *WORK* by embedding the planning process into your business practices could improve performance and reduce the risk of failure. Studies by both Gibson & Cassar<sup>ix</sup> and Lyles<sup>x</sup> support this assertion as well as the recommendations of the SBA and SCORE that formal planning is an important activity for small business. Gerber states that “Your business plan is the link between the work of your business and the vision that work is intended to produce.”<sup>xi</sup> In other words, your business plan *WORKS* for you when it leads to systems, practices and procedures that give you the feedback that you need about how your business is performing so that you can know whether your business is doing the work it was intended to do and whether it is doing it well.

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<sup>i</sup> SCORE. (n.d.). 5 Tips for making the most of your business plan. Retrieved from [http://www.score.org/5\\_tips\\_bp\\_2.html](http://www.score.org/5_tips_bp_2.html).

<sup>ii</sup> Gerber, M. (2005). *E-Myth mastery: The seven essential disciplines for building a world class company*. New York: Harper Business. P. 87-88.

<sup>iii</sup> Lewis, L. (2010, Sept 10). *Planning is a Process*. Retrieved from <http://www.creativefuturesllc.com/Planning-is-a-Process.html>.

<sup>iv</sup> SCORE. (n.d.). 5 Tips on building a sound business plan. Retrieved from [http://www.score.org/5\\_tips\\_bp\\_5.html](http://www.score.org/5_tips_bp_5.html).

<sup>v</sup> Gibson & Cassar, 2005.

<sup>vi</sup> Gerber, p. 101.

<sup>vii</sup> Lewis, L. (2010, Aug. 5). *Planning and Small Business*. Retrieved from <http://www.creativefuturesllc.com/Planning-and-Small-Business.html>.

<sup>viii</sup> Maloney, David. (2010). Small business failure rate: 9 out of 10? *Small Business Planned*. Retrieved from <http://smallbusinessplanned.com/uncategorized/small-business-failure-rate-9-out-of-10/>.

<sup>ix</sup> Gibson & Cassar, 2003.

<sup>x</sup> Lyles, 1993.

<sup>xi</sup> Gerber, p84.

\*Figure 1 photo by Chad McDermant. Retrieved from <http://www.istockphoto.com/stock-photo-9133360-business-charts.php>.

Figure 2 photo by Tomaz Levstek. Retrieved from <http://www.istockphoto.com/stock-photo-246796-chart-of-sales.php>.