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## **Minimize Risk and Maximize Success with a Business Plan**

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Running a business without a management plan is like embarking on a long road trip without a map: You might reach your destination eventually, but not without wasting time and money on unnecessary detours, dead-ends and delays.

Planning and controlling are the two legs on which a well-managed company stands. Planning involves setting goals, determining how to reach them and, finally, doing what's necessary to attain those goals. Controlling involves putting the plan in motion and monitoring its progress over time.

### **Where are we?**

Just like the “you are here” arrows that direct first-time shoppers at an enormous shopping mall, awareness of one's starting point is essential to a well-thought-out business plan. At this phase, a business owner needs clear answers to a few questions, such as:

1. What is the business's objective or reason for being?
2. What is the business's financial background?
3. What external forces does the business face in the form of competitors, suppliers and customers?
4. What are the business's internal strengths and weaknesses? Do the business's managers have the skills to keep the enterprise on course in a turbulent economy?

### **Where do we want to be and when?**

The next step in planning requires predicting what the business might encounter at some distant place and time that can't be seen. This skill requires a manager to be both realistic and optimistic while thoughtfully considering:

1. Where does the business want to go and how fast does it want to get there? In business terms, this means what territory does the business hope to serve and with what products? What rate of profitability is likely, and how will the business be organized and managed to achieve this rate?
2. What are the various roads the business can take to reach its objectives? What are the challenges and opportunities presented by each possible path? Which road best matches the business's skills and resources?
3. What do managers predict will happen on their chosen path? What slumps and emergencies

should they prepare for, and how can they prepare?

### **How do we get there?**

Once a business plan has identified a path and a destination, it has to determine what vehicle can make the journey most efficiently. Answering the following questions can help managers build this vehicle:

1. What steps must the business take to meet its objectives? In what order should these steps be taken?
2. What money, personnel, machinery and resources will be needed?
3. Is the business plan realistic? How will results be evaluated? How will internal and external developments be monitored?
4. What help will the business need to reach its goals, and where will this help be found?

The best plans incorporate controls — objective ways of measuring whether goals are being reached. Nothing can replace hard work and luck, but, without a plan, nothing is what a business can expect to achieve.

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