Business Planning Flow

CORE PROCESSES	MAJOR BUSINESS PLANNING ACTIVITIES

0.0 Pre-Planning	0.0 Prepare for the planning process:
	- Put together a **planning team** that has competencies in:
	   * Planning, Management and Operations Control
	   * Marketing and Financial Analysis
	   * Knowledgeable about technology and legal issues
	- Put together a **board of advisors** to guide your planning process (if possible) with members:
	   * Industry experts
	   * Management experts
	   * Lawyer
	   * Financial expert
	   * Marketing expert
	   * Consultant

1.0 Environmental Analysis	1.1 **Environmental Scans are best done using a "T" analysis framework:** - Perform a breadth analysis of all the major issues that are present in the market. - "GO DEEP" with a depth analysis on the KEY issues that are directly related to your core business. * Example: IBM performs technology patent analysis to predict technological trends. 1.2 **Environmental Analysis Questions** to Answer: - What are the **Economical** issues affecting our business? - What are the **Technological** issues affecting our business? - What are the **Social** issues affecting our business? - What are the **Political** issues affecting our business? - What are the **Legal** issues affecting our business?

2.0 Market Analysis = Customer Analysis (segmentation decisions) **+ Competitor Analysis** (positioning decisions)	2.1 **Competitors Questions** to Answer:
	- Who are the competitors (keep a wide scope)?
	   * Direct - "Head-to-Head" & "Market Leader"
	   * Indirect (substitutes, "odd-balls", etc...)
	- How do they compete with us?
	- What is the opportunity for us?
	- What barriers do we face against them?
	
	2.1 **Customer Analysis Questions** to Answer:
	- What are the various **customer groups** (who are they)?
	   * Who are the driving customer group (20% that drive 80% of sales)?
	- Why do customers buy?
	   * What **value** are they seeking?
	- How do they buy?
	- How do they use it (for what **purpose**)?
	- What is the **size** of the customer groups?
	- What is the **growth rate** of the customer groups?
	- What are the technologies that promote or prohibit sales?

3.0 Business Plan Preparation	3.1 Bring the pieces of the plan together:
	[Executive Summary(ies): *target to different audiences*]
	   * *Grab investors' attention in 5 minutes*
	   * *Address possible fears*
	   * *Feed their appetite for high (25%+) returns*
	- What to do?
	   * Mission
	- How to do it?
	   * Strategy
	- Why to do it?
	
	The fundamental question to be answered in the planning process is:
	"What is the Sustainable Competitive Advantage of the business?"

4.0 Development of Functional Plans	4.1 Develop **Marketing & Sales Plans**:
	- Product(s) Mix
	- Pricing
	- Distribution Channels
	- Promotion Strategies & Timeline
	   * Advertising, direct, etc...
	
	Sales need to be segmented by:
	- Geographic location
	- Product types
	- Customer segments
	
	4.2 Develop **Operations Plans**:
	- Organization (structure...)
	   * Management/Board
	   * Teams
	- Operations Strengths
	- Operations Weaknesses
	- Operations Opportunities
	- Operations Threats
	- Expansion/Growth Strategies
	   * Timeline
	- Customer Service
	- Disaster Recovery/Contingency Plans
	
	Maximize on Strengths
	Minimize Weaknesses (show plan to mitigate them)
	Align Opportunities with Key Factors for Success

5.0 Financial Planning, Proformas & Financing Planning	5.1 Develop **Financial Plans & Proformas** to Accomplish Operational Objectives:
	- Past Performances
	   * Cost Analysis
	- Future Projections
	   * Sales Forecasts
	- Income Statements
	   * Year 1: monthly or seasonally
	   * Year 2 & 3: quarterly
	   * Year 4 & 5: annually
	- Balance Sheets
	- Cash Flow Statements
	   * Assumptions
	   * Investor Protection for Performance Failures
	- Capital Budgets: what the funding will be used for
	
	5.2 Develop **Financing Plans**:
	- Type of financing
	- Timing of financing
	- Amount of financing
	- Use and Repayment of financing

6.0 Evaluation of Results	6.1 **Evaluate the Performance** of the Business: - Customer Satisfaction - Return on Asset Investment (ROAI) - Cost of Debt (COD) - Financial Leverage (Debt-to-Equity) - Net Balance Position (NBP) - Cash Conversion Cycle (CCC) - Business Valuation - Internal Rate of Return (IRR) - Financial Ratios Analysis