




fundamentals

Part:1



As you start the planning process, begin with a general view of the whole project. Review your goals and consider your options.

Why Lean Planning?



What are the Benefits?





First Step: A Lean Business Plan

▶ *A lean business plan has four essential parts:*

- ▶ 1. A bare-bones description of strategy for management use only. It's probably just bullet points, not an elaborate text. It's a reminder for the team.
- ▶ 2. Another bare-bones description of the important tactics; again, for management use only. The plan defines tactics you take to execute strategy, such as pricing, marketing, product or service development, financing, and so forth.
- ▶ 3. A measurable and trackable schedule for regular monthly reviews, plus assumptions, milestones, tasks, and the numbers and performance indicators you want to track. Milestones can include dates, deadlines, number of customers, and budgets. Tasks can include responsibility assignments and budgets.
- ▶ 4. Essential forecasts including sales, spending, and cash flow.

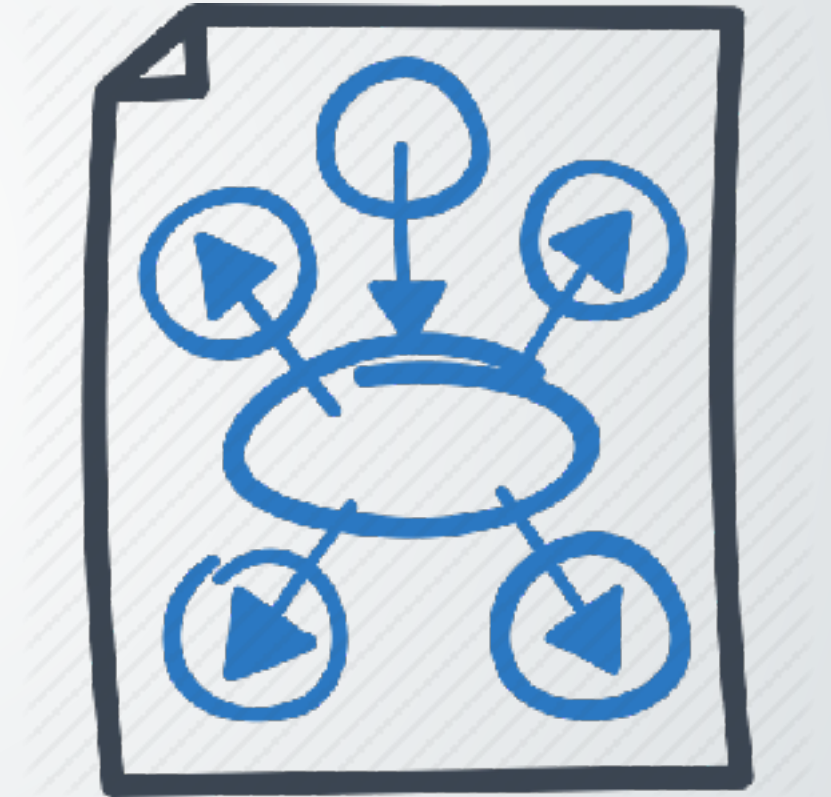
What is needed ?

Strategy

Tactics

Forecasts of
Sales, Costs,
Expenses, and
Cash

Assumptions,
Milestones,
Metrics, and
Schedule



strategy

- ▶ Planning outside of strategy is a waste of time.
- ▶ I like **IMO**: Identity, who you are; Market, whom you reach; and Offering, your product or service (what you sell).
- ▶ But don't sweat IMO or any strategic framework too much. Strategy is focus. It's as much what you're not doing, whom you're not reaching, as what you are doing and whom you reach.



“The essence of strategy is choosing what not to do.”

– Michael Porter



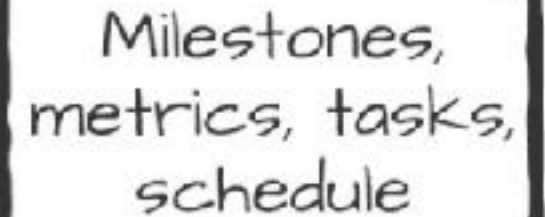
tactics

- ▶ Marketing and sales tactics
- ▶ Offering (product to service) tactics
- ▶ Financial (and admin and infrastructure) tactics



Assumptions, Milestones, Metrics, and Schedule

- ▶ Review schedule
- ▶ List of assumptions
- ▶ Milestones
- ▶ Metrics



Milestones,
metrics, tasks,
schedule



Forecasts of Sales, Costs, Expenses, and Cash

- ▶ “It is far better to foresee even without certainty than not to foresee at all.”

– Henri Poincare





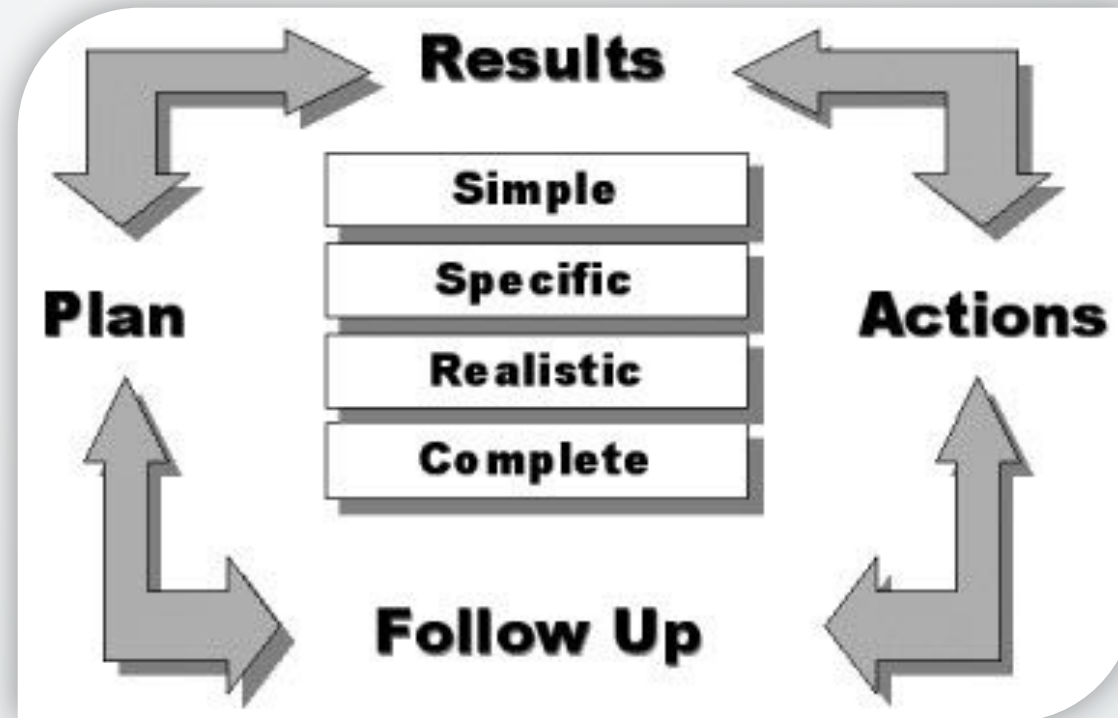
Run, Review, Revise.



What's a Lean Business Plan?



What Makes a Good Plan?



Successful implementation starts with a good plan. There are elements that will make a plan more likely to be successfully implemented. Some of the clues to implementation include:

- ▶ Is the plan simple? Is it easy to understand and to act on? Does it communicate its contents easily and practically?



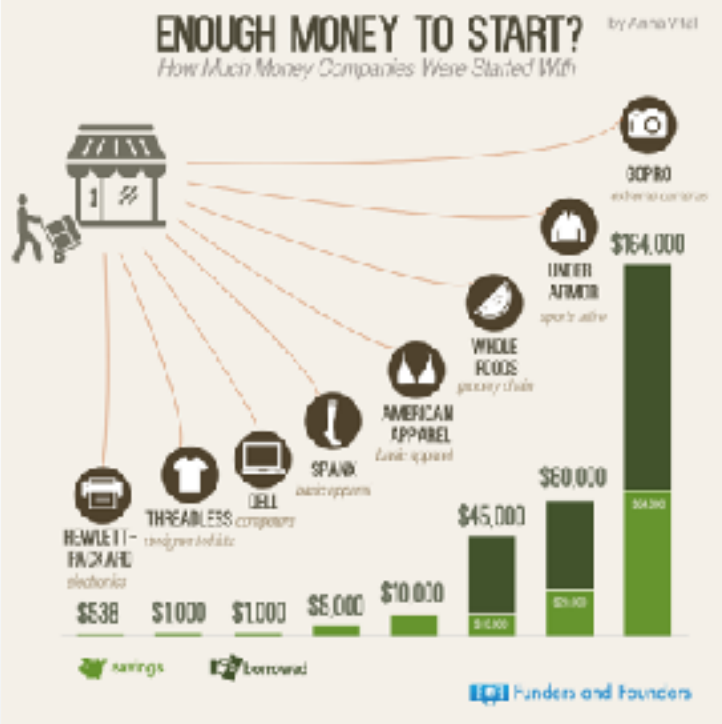


- Is the plan specific? Are its objectives concrete and measurable? Does it include specific actions and activities, each with specific dates of completion, specific persons responsible and specific budgets?





- Is the plan realistic? Are the sales goals, expense budgets, and milestone dates realistic? Nothing stifles implementation like unrealistic goals.





- Is the plan complete? Does it include all the necessary elements? Requirements of a business plan vary, depending on the context. There is no guarantee, however, that the plan will work if it doesn't cover the main bases.





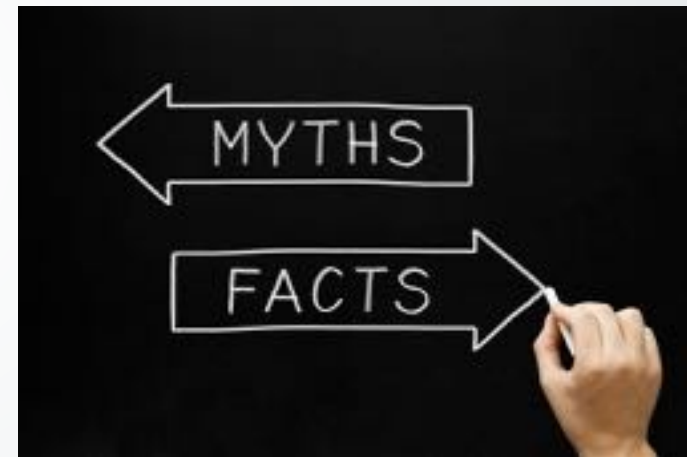
Use of Business Plans

▶ Preparing a business plan is an organized, logical way to look at all of the important aspects of a business. First, decide what you will use the plan for, such as to:

- ▶ Define and fix objectives, and programs to achieve those objectives.
- ▶ Create regular business review and course correction.
- ▶ Define a new business.
- ▶ Support a loan application.
- ▶ Define agreements between partners.
- ▶ Set a value on a business for sale or legal purposes.
- ▶ Evaluate a new product line, promotion, or expansion.



No Time to Plan? A Common Misconception



Keys to Better Business Plans

- ▶ Use a business plan to set concrete goals, responsibilities, and deadlines to guide your business.
- ▶ A good business plan assigns tasks to people or departments and sets milestones and deadlines for tracking implementation.
- ▶ A practical business plan includes 10 parts implementation for every one part strategy.
- ▶ As part of the implementation of a business plan, it should provide a forum for regular review and course corrections.





Business Plan “Don’ts”

- ▶ Don't use a business plan to show how much you know about your business.
- ▶ Nobody reads a long-winded business plan: not bankers, bosses, nor venture capitalists. Years ago, people were favorably impressed by long plans. Today, nobody is interested in a business plan more than 50 pages long.

A Business Plan Fable



A tall but mostly true tale by [Tim Berry](#)

What is a Business Plan?

- ▶ A **business plan** is any plan that works for a business to look ahead, allocate resources, focus on key points, and prepare for problems and opportunities.





What is a Start-up Plan?





What makes a successful business plan?

A successful business plan:

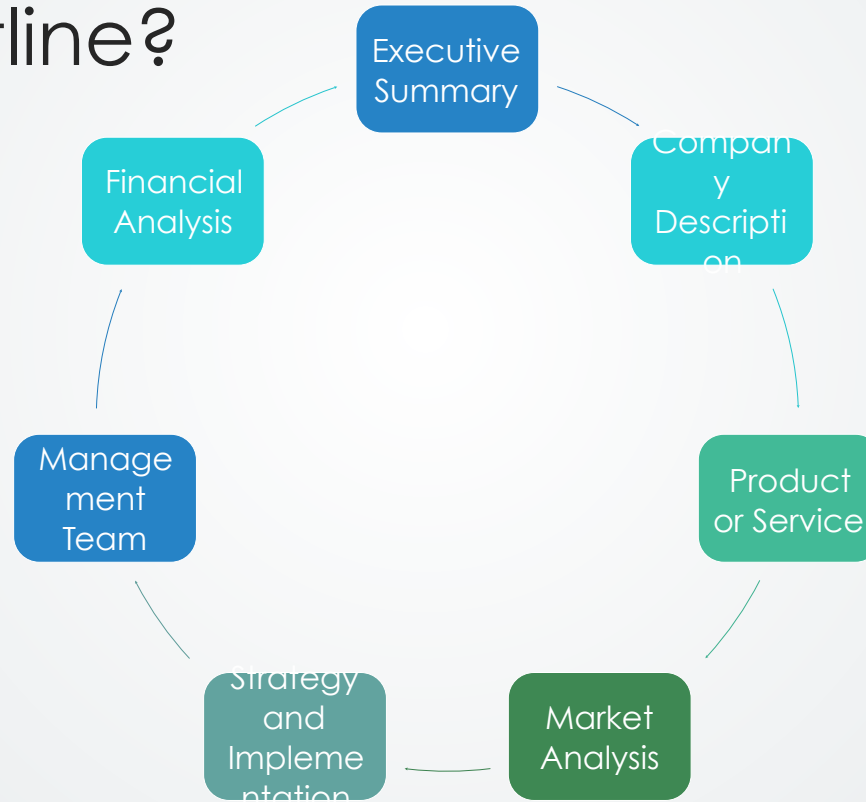
- ▶ Fits the business need.
- ▶ Is realistic—can be implemented.
- ▶ Is specific—it can be used to track results.
- ▶ Clearly defines responsibilities for execution.
- ▶ Clearly identifies assumptions.
- ▶ Communicates well the information it is supposed to convey to the intended audience.
- ▶ Generates commitment. People “own” their responsibilities.
- ▶ Sets a regular review schedule and establishes a regular planning process




What is Most Important in a Plan?

- ▶ Cash flow because it is both vital to a company and hard to follow. Cash is usually misunderstood as profits, and they are different. Profits don't guarantee cash in the bank. Lots of profitable companies go under because of lack of cash. It just isn't intuitive.
- ▶ Implementation details because that's what makes things happen. Your brilliant strategies and beautifully formatted planning documents are just theory unless you assign responsibilities, with dates and budgets, and lots of following up and tracking of results. Business plans are really about getting results, improving your company.

Can you suggest a standard outline?





Outline order and sequence in a standard business plan

- **Executive summary**
- **Company summary**
- **Products (or services, or both)**
- **Market analysis summary**
- **Strategy and implementation summary**
- **Management summary**
- **Financial plan**



Thank you