



2021 BUSINESS BUILDER

VIRTUAL TRAINING SERIES

2.24.21/10-11AM

BUSINESS PLANNING

TOM WALKER



PARKLOCAL

DEVELOPMENT CORPORATION



**MONTANA
STATE UNIVERSITY**

EXTENSION

PARK LOCAL: BUSINESS PLANNING WEBINAR

TOM WALKER, OWNER OF ON THE RISE CONSULTING

FEBRUARY 24, 2021

BUSINESS PLANNING – WORK ON THE BUSINESS NOT IN IT!



”Failure to plan is planning
to fail” - Benjamin Franklin

Hint – you are here working on your business.....

TOM WALKER – ON THE RISE CONSULTING, LLC

Finance and Business Consulting:

- Early Stage Technology Investor
- Mergers and Acquisitions
- Business Budgeting and Financial Analysis
- Accounting and Financial Reporting



ON THE RISE
CONSULTING

FINANCIAL SUPPORT

AGENDA

- Why do business planning - Work on your business not just in your business
- What is Strategic Planning?
- Ongoing Business Planning
- Start-up Planning
- Planning for Exit
- Q&A

WHY DO BUSINESS PLANNING?

- Most businesses fail!
 - 90% of Start-up Businesses Close within 10 years – 50% Close within 2 years of launch
 - Planning makes a difference in survival and growth rates.
 - Entrepreneurs who work with third party advisors grow 3.5 Times Faster!
 - [2019 Business Outcome Statistics](#)

WORK ON YOUR BUSINESS NOT IN IT THE STRATEGIC PLANNING PROCESS

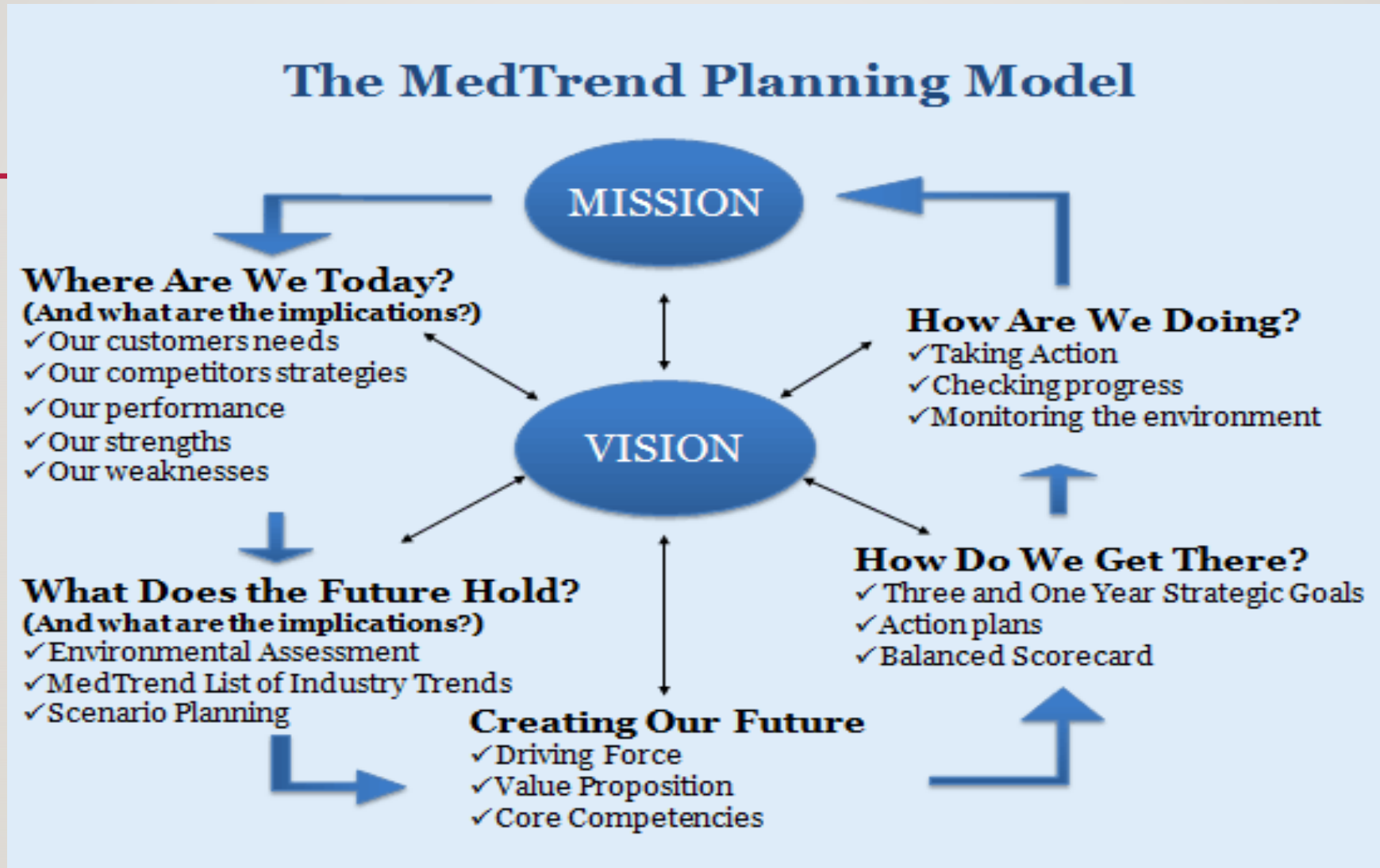


“Strategic planning is a process used by organizations to identify their goals, the strategies necessary to accomplish those goals and the internal performance management system that will be used to monitor and evaluate progress “ [Indeed:What is Strategic Planning](#)

Make a plan once a year and update it quarterly:

- Clear mission and vision statements to frame the context of the document
- Clear timelines for strategy implementation and progress monitoring
- Quarterly benchmarks or objectives that will inform progress towards annual goals
- Make your KPI's (Key Performance Indicator's)
- Identification of the data sources used to track progress
- Indication of the individuals and/or offices responsible for each strategy
- Communicate with Team

STRATEGIC PLANNING PROCESS



KEYS TO SMALL BUSINESS SUCCESS

S

STRENGTHS

- Things your company does well
- Qualities that separate you from your competitors
- Internal resources such as skilled, knowledgeable staff
- Tangible assets such as intellectual property, capital, proprietary technologies etc.

W

WEAKNESSES

- Things your company lacks
- Things your competitors do better than you
- Resource limitations
- Unclear unique selling proposition

O

OPPORTUNITIES

- Underserved markets for specific products
- Few competitors in your area
- Emerging need for your products or services
- Press/media coverage of your company

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THREATS

- Emerging competitors
- Changing regulatory environment
- Negative press/media coverage
- Changing customer attitudes toward your company

SWOT TO STRATEGIC PLAN

- How do you leverage your strengths to grow profitable revenue?
 - How do you measure profitability?
 - Do you have timely accurate monthly financial statements?
 - ***If you can measure ityou can improve it.***
- ***KPI's: Key Performance Indicators – what do you track to measure progress towards strategic goals?***
 - ***Average \$/Customer, Cost to Acquire a Customer, Lifetime Value of a Customer***
- ***Use KPI's to develop action plans that improve the KPI's***

TYPES OF KPI

Process KPI

- Measure the efficiency or productivity of a business process. Ex. Time to complete a customer order

Input KPI

- Measure assets and resources Ex. Funding for training!

Output KPI

- Measure the financial & nonfinancial results of business activities. Ex. Net profit, # of new clients.

Leading KPI

- Measure activities that have a significant impact on future performance. Ex. % of high Performers

Lagging KPI

- Measure success or failure after an event. Ex. most financial KPIs

Outcome KPI

- Measures benefits of performance as an outcome of a business activity. Ex. employee satisfaction rate

Qualitative KPI

- Descriptive measure. Like an opinion, or a character. .

Quantitative KPI

- Measures results in numbers, uses average's, ratio's, percentages. Ex. \$revenue per employee.

KEEP AN EYE ON CASH AND CASH REQUIREMENTS

- Forecasting Cash – in a perfect world it would be daily but we don't live there
- Cash Reserves – Don't run out of cash
- Financing Strategy – Stay in contact with your banker, understand how your banker sees your business seek financing 4-6 months before you might need it.
- Get creative with pricing (deposits), vendor financing (but watch the cost of money)
- No plan is perfect.....leave plenty of cushion for slower revenues, greater expenses, unexpected capital expenditures

BUSINESS PLANNING SUMMARY

- Existing Businesses can get "stuck in a rut" – markets are constantly changing.....you need to be constantly adapting, improving and innovating
- Set definitive goals – that balance your business and personal life, be bold!
- Have a dedicated planning process. Include your team....working on the business not just in it
- Measure outcomes and take corrective action
- Planning can increase your businesses chances of success 50%! [*2016 Palo Alto Software Survey*](#)

START-UP BUSINESS PLANNING



- Start with SWOT and Develop a business plan, and use your KPI's
- What market need are you going to address and how are you better at addressing that need – Why do you Win?
- How much does it cost to get started.....when do you plan to see revenue?
- How are you going to get customers?
- What has to be true for you to succeed – ability to attract customers, size of market
- No plan is perfect Win Fast-Lose Fast.....be agile nimble and be a learning organization

HOW TO DEVELOP YOUR STRATEGY

The 18 Rules of Startup Strategy

STARTUP STRATEGY

Startup Heuristics

Customer

1. Unmet Need or Desire
2. Right Size Market or Segment
3. Reliable Access to Customers

Product

4. Customer Focused Solution
5. Low Barriers to Adoption
6. Clear Value Proposition

Timing

7. Recent Innovation Enabler
8. Demand Already Established
9. No Signs of Commoditization

Competition

10. Clear Market Inefficiency
11. Low Barriers to Entry
12. Differentiable Position

Finance

13. Low Sunk Costs
14. Working Capital Float
15. Economies of Scale

Team

16. Subject Matter Expertise
17. Functional Competence
18. Supplier Partnerships

PLANNING FOR EXIT



- Key Concept – Businesses that are Less Risky to Buy are worth more
 - Reduce reliance on the owner/manager – so you have a management team
 - Clean accounting, Customer Concentration, growth path
- Who are candidates to buy your business?
 - Family, Managers, Individuals
 - Private Equity/Strategic Buyers.....\$3M+ in EBITDA or likely too small
- Reduce debt, again to make it easier for buyer
- 24 Months Plan to maximize value – Planning for success.

APPENDIX: START UP BUSINESS RESOURCES

- [Park Local Development Corporation](#)
- [List of Start Up Support Hyper Links from SCORE](#)
- [Prospera – Bozeman](#)
- [SBA Write Your Business Plan](#)
- [State of Montana Business Portal - SBDC](#)

Join us next week for Part 3: Building Your Team of Professionals

Cyndy Rigler, from *Western Home Mortgage*, will talk about the importance of an attorney, accountant, banker, and others experts on your team, why they are invaluable, and how they can save you time and money.

Register via email at park@montana.edu



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