

The Entrepreneur's Guide to Financial Maturity® **Create Your Roadmap to Success**

The holiday season tends to be a time of reflection and planning, and for many people it culminates with New Year's resolutions. Historically, less than 5% of those people who make New Year's resolutions fulfill them.

Why do so many New Year's resolutions go unfulfilled? The answer to that question is obvious to many of us who are involved in business planning. **The party making the resolution is not truly committed.** Most people do not write their resolutions. People do not have a reminder as to their goal, so it is forgotten. Since they have not written it down, they never create a road map as to what has to be done to achieve their goals. The resolution becomes more of a "wish" rather than clear, distinct and focused set of goals.

For example, if someone is trying to lose 20 to 40 pounds, it will usually require a combination of diet and exercise. If that person identified a target weight, for example, the goal is be 170 pounds by March 30, 2006, 160 pounds by June 30, 2006, and monitors progress on a daily or weekly basis, their likelihood of success increases significantly. The person may have some disappointments along the way, but will be continually focused on that goal. On occasion, progress toward the goal may stall, in part due to holidays, family get-togethers or other reasons. However, the occasional binge can be partially offset by reducing the amount the dieter eats before, during and after a family get-together or by additional exercise. If the goal is important, the person trying to lose weight will find a way to adapt to the circumstance. .

Be Clear About Your Goals:

Assume you are overweight and New Year's resolution is to lose 20 to 40 pounds. This goal is not clear. You must know your starting weight, and the weight you would like to be within a given time frame so that you know how much weight you would have to lose. If you do not weigh in regularly, you

will not be aware of any progress, or lack of progress, being made towards achieving your weight goal. As a result, it is highly unlikely you will achieve your goal. If you fail to take pro-active steps in achieving your goals, it should be obvious that the goals will not be achieved.

Be Pro-Active:

Those people who are committed will be pro-active. Uncommitted people will either do nothing, or change minimally. The person that is passive and made a resolution will be unsuccessful. Often that person draws a conclusion that resolutions do not work for them, or “they are a waste of time and energy.” They refuse to take responsibility for their actions or inactions. Without being pro-active, monitoring and changing behavioral patterns, creating accountability, establishing benchmarks, taking responsibility for the progress or lack of progress and being flexible as to how to achieve the goal, resolutions are a waste of time and effort.

The above example is analogous to business and strategic planning. Many entrepreneurs feel that they know their goals and understand what it takes to achieve their goals (generally more sales – which does not necessarily equate to more profit). Since most entrepreneurs do not write their business plans, they can not review them, verify that the model they developed will help them achieve their goals, maintain focus and determine alternative ways of achieving their goals. When circumstances change or it is determined there were erroneous assumptions, many entrepreneurs do not have the ability to adjust their plan appropriately.

Your Goals Should be Written Down:

Many entrepreneurs feel that committing goals to writing and focusing in on the goals is a way for a business consultant to get into their pocket. Those same entrepreneurs feel that the consultants provide limited value for their service. .

Most entrepreneurs who have committed their goals to writing themselves also commit their time, energy and focus to achieving their goals. They understand that conducting business as usual will mean that they will not achieve their goals. Accordingly, the entrepreneur will have to modify the way her or she conducts business in order to achieve the desired goals. They understand that

right business consultant will help your company achieve its goals. **The first step in modifying your business behavior is to write down your goals.**

Establish Benchmarks, Creating Accountability:

After entrepreneurs establish their goals, they must establish benchmarks so that they recognize if they are on their way to achieving their goals. Additionally, if you are the only person aware of the goal, and you are not accountable to anyone else, in all likelihood you will not succeed. Creating accountability for yourself and your employees is crucial to achieving your goal.

For example, if your workers should produce 100 widgets in a day and only produces 50 widgets a day, if each employee's progress is not tracked, and your employees continue not to produce, your business will fail. If one or more employees need additional training so that you can achieve production goals, you will analyze what has to be done and take corrective actions. If you, as a business leader are not accountable for your actions or inactions, you will not take the appropriate corrective action needed. Lack of benchmarking and accountability can undermine confidence your employees, customers, creditors and investors have in you and your business.

The successful, pro-active, entrepreneur looks forward to the periodic reporting requirements, meeting or exceeding goals and then moving on to new and more challenging goals.

A Successful Business Requires Planning:

Unfortunately, too many small business owners feel the same way about their business as the person who has unsuccessfully tried to lose weight. They get frustrated. Most people would rather take a "magic pill" and continue eating as usual. If a weight problem goes unchecked, it can lead to health issues. Similarly, in business, when business operations, finance, sales are undisciplined it results in crises. These crises often jeopardize the financial health of the enterprise.

Many people do not want to, or do not have the time to work on their business. Unfortunately, operating your business takes a lot of work, and a significant component is planning. If you fail to develop an appropriate roadmap to success, it is unlikely that you will achieve success. The more focused and

committed you are, the more likely you will succeed, and the more you will embrace the concept of planning, business or other types of planning.

Many entrepreneurs fail to recognize the purpose and importance of going through the arduous process of preparing the business plan. A properly prepared plan forces you, the entrepreneur, to think through the big picture and agonize over the details before erroneous assumptions or poor judgment cost you money. It causes you to live and breathe your goals, and every time a major decision must be made, the underlying question is – will it help me get closer to my goals.

Finding Business Solutions:

Many entrepreneurs recognize that they need a business plan but have an unrealistic budget. The projections are extremely important to every business, whether it is in the embryonic stage and the business concept is being developed or when operating an existing business. Once a decision is made to use a consultant, some entrepreneurs focus on the cost of developing the plan. Unfortunately, in order to bring down costs, some consultants provide “canned” solutions with a minimum amount of “customization.” or alternatively, they use junior or inexperienced people. A business plan is most effective if the person preparing the plan has practical and relevant business experience, not just experience in writing business plans.

An expenditure of time and/or money for business planning is, arguably, just as important and necessary to an organization as expenditures to increase sales, or improve operations. The business can only grow to the extent that the company’s infrastructure will allow. Without the appropriate planning, growth will be stymied.

A potential client asked me to review his business plan, a plan that was reviewed by students as part of their training for their MBA, as well as another group. The purpose of the plan was to raise capital, initially from friends and family and then from outside investors. The principal I met with claimed he spent over two years developing the plan, and was proud of the business plan.

After a brief conversation and a cursory review of the financial information, it was obvious to me that there were numerous fatal flaws in the business plan. When I asked the principal about the logic used in these flawed areas, it was blamed on the software. Eventually the principle understood the plan was not

viable. By the end of our meeting he understood that friends and family would not be “investing” in the company, they would be “gifting” money to the company’s principals. That was not the intent. Further, he understood that serious investors would not consider an investment in this company, since the business plan contained significant inconsistencies, highlighted management’s immaturity, lack of business experience, lack of operational experience, lack business sophistication. In short, the business plan lacked credibility.

The review potentially saved the principals’ friends and family significant money not to mention the embarrassment the principals’ would have suffered when the company would fail, within months of its inception. The principals developed the plan “cheaply” but recognized they needed the plan to be reviewed by a seasoned businessperson. When an entrepreneur evaluates the “cost benefits” of having a business plan professionally prepared or reviewed, it has to be matched against the cost of not achieving your goals, salvaging the remaining portion of your investment or going out of business. In the above situation, as a result of the review, the principals moved on to other, more viable, opportunities.

As in the example shown above, many entrepreneurs attempt to draft the plan in order to save money. They often lack the proper skill sets to generate a credible business plan. How much would it have cost the entrepreneurs, in my example, if they were to have proceeded with their plan?

Many principals lose sight as to their primary roll in the company; leading the company, inspiring others within and outside of the company, generating sales and meeting the challenges of opening and staying in business. Clearly they were not experts in business planning.

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