

Chapter 8 Making your ‘Plan’

Start with Why

As a reminder of what I covered in Chapter 3, if you’re going to start your own business, there has to be a reason.

You have to be very clear in your own mind WHY you want to have your own business.

I touched on this earlier but you might want to check out [this TED talk video by Simon Sinek](#) called ‘Start with Why’. Later you might want to read his book of the same title.

So before you actually start you need to give your personal business proposal careful thought.

Preparation

First you must have a **vision** of what your business will be and some **goals** and **targets** ‘penciled in’.

You also need to think about how you’re going to manage your time, where you’re going to operate from, and if you think you need funding to get started, how much, and where might it come from?

If you’re going into business with someone else, whatever your relationship with them, it’s also **essential** to have formal agreements in place as to how the business is managed and controlled, operationally and financially.

You need to be agreed on how you will deal with the situation if circumstances change in any way or you begin to disagree on the direction the business is taking.

These things happen and have to be provided for. You will probably need help with this from a lawyer who specializes in business arrangements.

And, of course, you'll need to be very clear about what your business provides for potential purchasers of its products or services, *and* clear about who they are.

Is there a 'market' for what you plan to do?

What you need first to 'get off the ground' is a '**Business Plan**'.

Now don't be 'put off' by this!

Your 'business plan' isn't just a dry document that's going to be filed away and forgotten (which is how most people think of 'business plans').

Your business plan IS your Business - it's what your business does, how it works, how you're going to do your marketing, how the money works and what are your goals and targets.

And much more than that, it's a dynamic set of documents and records that you can update and amend as things move forward as well as being an instrument that helps you describe what your business is, what it does and how much money it's going to make to anyone who needs to know.

‘No plan = no business’

In your Business Plan, you need to identify not only how you’re going to do the core operations of your business - what your Business actually DOES - but also how you’re going to deal with three other elements of running a business, without which your business is most unlikely to survive!

The first is **Compliance**

This concerns making sure that you comply with all the rules and regulations that might apply to your particular business.

I say ‘might’ because it’s not always obvious!

The main compliance issues are Health & Safety, Employment Law, and Pensions, and your Business Plan must include policies explaining what you are going to do about all of these as appropriate, including identifying any rules that you believe don’t apply to your business.

Compliance is important. You don’t want the Government or Local Authority closing you down!

Next up are your **Finances**

You must have, within your Business Plan, a clear financial plan.

Where is the money coming from to start up your business? How much is needed?

Now some people will say that you don't need any investment to start a business.

I'm sorry but there's no other description for that statement other than that it's a complete lie.

You cannot start a business on nothing - but you *can* start it on 'a shoestring'.

You don't need a lot of money to get your own business off the ground, but you must invest some.

How are you going to raise enough 'working capital' to keep it running without going into debt, and how are you going to 'manage' all that money!

As well as stating your policies about how you are going to collect payments, what you're going to do in the case of non-payment and a number of other considerations

One of the key features of your financial plan will be a **Cash Flow Forecast**.

This is a forecast or at the very least a guess about how much money is going to flow in and out of your business each month for at least the next 12 months.

It's really important as it becomes one of the key instruments you use to measure and manage your business.

Then there's **Marketing** and **Sales**

This is an aspect of business that really 'terrifies' a lot of people when, and before, they start.

Have you considered how you will get your product or service 'to market', how you will you 'sell' it to your potential buyers.

People are **not** going to beat a path to your door even if you *have* built a better mousetrap!

Because of this I'm going to spend a little more time to help you with this topic which is often responsible for putting people off starting their business altogether.

What is Marketing?

Marketing is the process you use to tell the world about your product or service.

It's both an art and a science and there are as many definitions of marketing as there are academics who teach it and marketing managers who do it!

Marketing includes defining the 'market' you want to engage with, analyzing the 'marketing environment' in which you operate, and creating a strategy for your marketing process.

There is a lot to it. I have several marketing textbooks, all between 800 and 1200 pages! But most of this material is

describing how different organisations have gone about the process.

There is a very simple and comprehensive set of ‘tools’ that anyone can use to understand their market and create a marketing strategy.

Don’t think though that marketing is just about ‘advertising’, it’s a serious mistake that many businesses make.

What is selling?

People often decide that they don’t want to set up any kind of business because they ‘can’t sell’ or ‘don’t want to sell’.

This is outdated thinking. The world has moved on. Back in the last century the only way people could find out about anything they wanted or even discover that they did want something was to go into a store and ask a salesperson.

There was no internet, no search engines, no advertising on TV or even on the radio. There were only newspapers, magazines and billboards, and in the stores all the goods were behind the counter - so you had to **ask**!

Selling is the end result of Marketing

The purpose of your marketing effort is to engage with potential purchasers and facilitate their buying decision.

‘Selling’ is a 5-step process that matches the buying process described on the next page.

Unfortunately, the ‘traditional’ 20th century sales process is much disliked by anyone who isn’t a ‘dyed in the wool’ salesperson.

Most people don’t like being referred to or even thought of as a ‘prospect’, and they certainly don’t like being ‘closed’, or the ‘hard’ or ‘soft’ ‘sell’ that goes on in between.

People now have the resources to research their own information and make their own decisions that didn’t exist in the last century, but unfortunately many businesses haven’t yet got that message and still try to ‘sell’ people.

I call the five stages of selling or ‘purchase facilitation’, the five Cs:

1. **Connect** - engage with the potential purchaser
2. **Consult** - find out what they want - or what they *don’t* want or want to get away from
3. **Clarify** - match their requirements to your offer
4. **Confirm** - reach a purchase agreement
5. **Consolidate** - carry out immediate post purchase service

The Buying process

Now we all know that people hate being sold to (or being 'sold' as the Americans say), but most people love to buy, and the 21st century is the **age of the buyer**.

The process we go through when we buy is quite simple and it matches the traditional 'sales process' but really it's more like the two sides of a coin. The buyer sees one side and the salesperson the other - and they're not quite the same.

The skills of selling and of buying come in reconciling these two points of view.

The five steps of the buying process:

1. **Identify a need or want** for something (this may be the result of advertising, which is part of marketing)
2. **Carry out some research**, usually on the web to find those 'solutions' that most closely match our requirements and narrow it down to a few choices
3. **Evaluate** (or clarify) which is the best fit for us - or maybe the one we 'want' most.
4. **Make the purchase decision** when we decide to go ahead and buy it (or not) and who to buy it from.

5. **Post-purchase** there are various behaviours that might follow, the most common being a feeling of dissatisfaction or a concern about whether we've done the right thing. (known as 'buyer's remorse')

As a business, to get people to purchase **our** products or services what we do with both our marketing and sales processes is come around to the 'buyer's side' and that means **helping the buyer** through *their* process, and, if we can, in the direction we'd like them to go.

Building the Plan

Once you have a good idea of how you're going to deal with all this you can start to build up your Business Plan.

This is not a case of just filling out a form or template that a Bank might give you (sometimes even if you just want to open an account) but the first steps in the creation of your 'Business Manual' that details everything about how your business works.

But before you start on that you need to be aware of what could 'go wrong' and why.

[Watch the Business Planning Video](#)

[Watch the Sales & Marketing Video](#)