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Michigan Home Business Update 5 – Planning Ahead
Michigan State University
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Planning Ahead...

Business success rarely happens by chance — it takes planning. Planning is part of being organized and professional. It keeps business practices orderly rather than chaotic — neat instead of sloppy.

Having a skill or product to sell is just the beginning — you must set goals and chart a course for reaching them if you want to turn that product or skill into a business.

Planning occurs on two levels:

- Short- and long-term operations (the daily nitty-gritty of who does what, where, when and how).
- A formal business plan. This document outlines the organization of your business, describes your product and the market for it, lists the qualifications of the owner(s) and/or manager(s), and projects your prospects for success.

THE BUSINESS PLAN

The business plan is often promoted as a tool for securing loans. But it's a critical exercise even if you're not seeking outside help, because putting it together forces you to do some research and clarify fuzzy thinking. It's another way of making sure you know what you're doing.

A formal business plan has a title page with an introduction, summarizing the rest of the document.



SET OBJECTIVES, STRATEGIES

Describe your product or service and the potential market for it. This is the heart of the matter. Here you establish the need for your product and project future sales. Research your target market and your competition and describe any special features of your service or product that give you a competitive advantage. If your business is a going concern, include information on numbers of customers served and volume of business done, and list plans for increasing both, projections for the future, improvements and new products you plan to increase your sales, etc. Be sure to note how your business location or selling approach — going to shows, selling by mail, etc. — is an advantage in reaching your potential market, keeping costs down and otherwise contributing to your chances for profit.

Next you must outline your financial picture, including start-up costs, operating costs for the next six months and one year, and sales forecasts.

If you are applying for a loan, the last section explains how you will use it and how that expenditure will contribute to your business success and insure repayment of the loan.

Appendices should include formal resumes, a detailed sales forecast, a cash-flow statement, a profit-and-loss statement and a formal balance sheet. Your accountant can help you prepare these.

Once the overall business plan is in place, you can outline some concrete objectives and strategies for reaching them. Objectives are simply the desired end results — what you want to accomplish. Achieving a certain sales volume within a period of time, a certain level of income, a certain percentage of profit over costs, or a certain percentage of cost reduction are examples of objectives:

The objective is where you want to go or where you want to be by a certain time. Strategies are the means you will use to reach those ends. Starting to sell by mail, to attend shows or farmers' markets, to advertise in a new way, to hold seasonal sales for preferred customers, to expand business hours, to open a shop — these are examples of strategies.

KEEP PLANS UP TO DATE

Planning is a continuing process. As strategies pan out or not, as you reach objectives and the financial picture changes, plans need to be updated. Once you have an overall structure in place, however, you'll find keeping up with the details a more manageable task.

That's not to say that day-to-day operations will run themselves. To reach the objectives in your plan by means of the strategies you

have chosen, you have to act. From all the possible courses of action open to you, you have to *do something*.

Not just anything, however. Keeping busy is not enough: you need to concentrate on those activities that will contribute most to your business success, not just those that are the most enjoyable or the easiest. In short, you must manage yourself and your time.

NEVER PUT OFF 'TIL TOMORROW

Procrastination never makes an unpleasant or difficult job easier — it may even make it harder if it means you have to rush to do it at the last minute. One way to avoid putting off a big job is to break it down into several smaller tasks that, individually, aren't so

intimidating. Divide and conquer! Another approach involves listing the reasons for procrastinating and the benefits of finishing the project. One of these is that you can stop worrying about it! Another approach is to promise yourself a reward for finishing.

MANAGE YOURSELF, YOUR TIME



Many people have success with the list approach. List all the things to be done. Then divide the list into categories by priority: top priority, important but not critical, nice to do if there's time, not worth the bother. Scratch off the tasks in the last category. Then tackle the top priority items.

Doing the least important tasks first may give you a sense of accomplishment because you can so quickly cross so many items off your list. But it may also be a way of avoiding less enjoyable or more difficult but critical activities in the top priority category.

MAKE A LIST

A to-do list can help you avoid procrastination and organize your days. If your business is seasonal or one tied to certain yearly events, you might want to begin by setting up a long-term to-do calendar, with activities broken down by season, event — the Christmas selling season, for instance — or whatever makes sense for your business. Some people like to use an oversized calendar to visualize the upcoming weeks or months. They then list activities for each month or week, transferring these in detail to their daily to-do lists.

A daily to-do list is the key to getting things done on a daily basis. Tackle the high-priority tasks first. Take on the most difficult during the part of the day when you work best. For "morning people," that might be early in the day. "Night owls" may want to save tasks that need their best

concentration for the evening hours. Whatever your personal "prime time," try to set aside a block of time in that part of the day to get the top priority jobs accomplished when you work most efficiently. Minimize outside interruptions during this work time, even if it means unplugging the phone or asking friends to hold off calls or visits until later.

Organize your work space and record-keeping system so you have everything you need to do the job at hand. Looking for things can be a big time waster.

A special problem of home-based businesses is the difficulty in separating the business from the home. As much as possible, have a separate space to carry on your business and block off periods of time specifically for business-related tasks. Also set aside times devoted to household tasks, when you forget about the business for a while.

Set aside time for yourself, too. The superperson mystique isn't limited to people who work outside the home. Home-based business persons can also fall into the trap of trying to be all things to all people and setting superhuman expectations for themselves. Take time to take care of yourself! Take regular lunch and coffee breaks, exercise regularly, pursue a hobby or interest unrelated to home or business. Stick to your scheduled work times — for household tasks and business activities — and give yourself permission to relax when you're "off-duty." Having some down-time to look forward to helps you feel better and work better.



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