

Existing Companies Need Planning Too

by [Tim Berry](#)

Does your company have an annual strategic plan? Does your company develop an annual plan to polish its strategy, focus on main priorities, and manage its cash?

Every Business Needs to Plan

Unfortunately, there is a myth that associates planning with start-ups. That's particularly common in the UK. Because of that myth, inertia, putting out fires, and related reasons, a lot of businesses miss out on the opportunity to manage themselves a bit better.

As an owner or manager of a small- or medium-sized business, can you afford not to plan? Do you leave the annual plan for the large businesses and let your business depend on reacting to events? Or, do you want to plan for priorities and manage your growth proactively? That's a leading question, of course; the answer is obvious.

You could call it strategic plan, annual plan, operational plan; the name doesn't matter as much as the management of it. While these kinds of plans are common in larger enterprises, they are surprisingly rare in small- and medium-sized businesses.

Benefits

1. **Guide Your Growth:** Your business will grow or not depending on a lot of different factors, including overall economic trends, location, specific market needs, hard work, and other elements. Businesses that plan do it to guide and influence their growth, so that they move proactively towards defined objectives rather than just reacting to business events.
2. **Manage Priorities:** Strategy is focus. Allocate resources where they will do the most good. Work towards your strengths and away from your weaknesses. Develop the company by doing the most important things, according to your long-term objectives.
3. **Assign Responsibilities:** A plan gives you a place to develop organisational responsibilities.
4. **Track Progress:** Think of a plan as a business positioning device. With a plan, you can track your progress towards goals, measure results, and manage the business. Without a plan, how do you tell whether or not you are moving in the right direction? What do you measure against?
5. **Plan for Cash:** : Profits are not cash, and cash is not intuitive. You spend cash, you don't spend profits. However, businesses don't plan well for cash, and they need to. That may not sound strategic, but it is. It is also the core of an operations plan, and an annual plan. Whatever else, you have to plan for cash.

Main Elements

Regardless of the name you use, strategic plan or annual plan or operational plan, the vast majority of these plans include some or all of the following main points:

1. **High-level Strategy:** Strategy is focus. It guides your growth. Strategy assigns priorities. Of the whole range of possible market segments, and the whole range of services and possible sales and marketing activities, which are your main priorities?

Strategy is often a matter of understanding when and how to say no, selecting opportunities.

2. **Specific Responsibilities, Activities, Deadlines, and Budgets:** We call these milestones. They are the bricks and mortar of business planning, critical to business success.
3. **Financial Plan:** One of the most important gains from an annual plan is the financial plan, which of course hinges on cash flow. A business needs to stress its priorities by making sure they get the right amount of money. Growth costs cash.

About the Author

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