

**Janmar Consultants Inc.**



**Ensure Timelines are Realistic and Measure to Determine Where you are and Whether you are Still on Track**

**Planning and  
Timelines**





Part of owning and running a business is having a business plan that sets out how you as the owner of a business expect your business to perform.

Not only does a business plan give your company a better chance at success, but more importantly, provides you as the owner with a sense of control over your business.

## Executive Summary

**Ensure timelines are realistic and measure to determine where you are and whether you are still on track.**

As the old adage says, “failing to plan is planning to fail”. Part of owning and running a business is having a business plan that sets out how you as the owner of a business expect your business to perform. Not only do you need to have a business plan, but you need to know how you are performing in relation to this plan. This also needs to include a timeline that sets out milestones which tell you if you are on track to achieve your plans. As a business owner, a properly created business plan is extremely valuable as it allows you to explain to people involved in the business, and supporting the business, what your expectations are. Companies with business plans historically perform better than companies without business plans.

Not only does a business plan give your company a better chance at success, but more importantly, provides you as the owner with a sense of control over your business. With a road map of where your business is, what you expect it to do, timelines and milestones, it gives you a barometer of knowing things are either on track or they are off course. This sense of control will allow you to focus on the critical parts of your business that need your attention, which in turn will drive your business to success beyond your expectations.

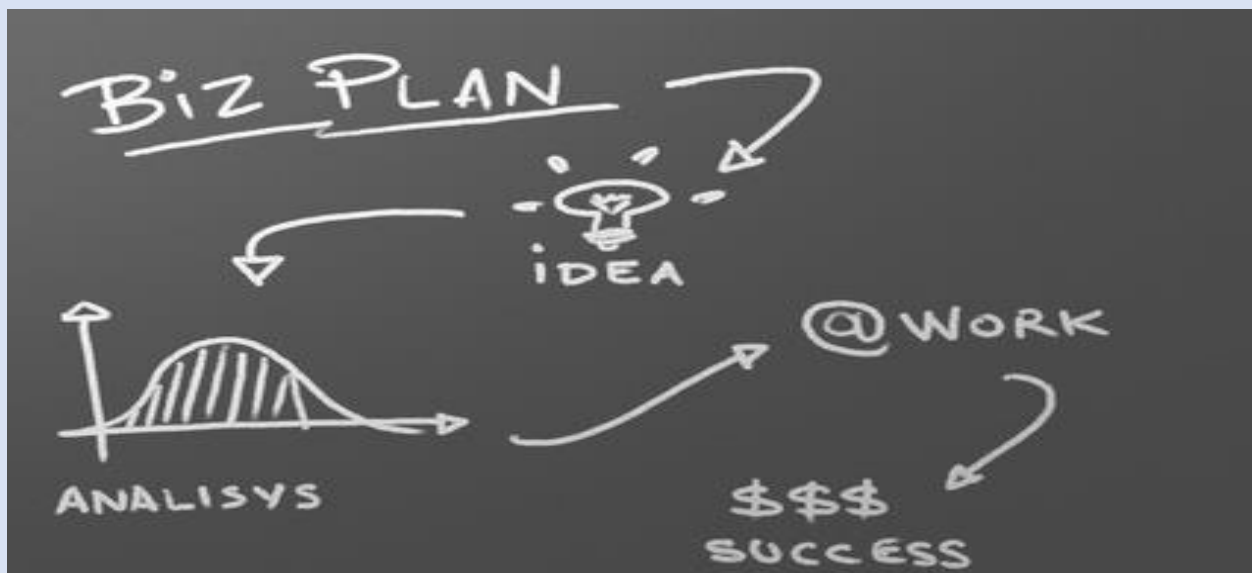
**Failing to plan is planning to fail**

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## Introduction

**Studies have shown that companies that plan grow faster than companies that do not. One study (1) from 2010 that researched 11,046 companies found that planning improved company performance. This same study found that existing companies benefited more than start-ups. This is likely due to the fact that existing companies know more factual information than start-ups. They already have an existing customer and supplier base and need to make less assumptions than start-ups.**

Another study (2) found that companies that plan, grow 30% faster than companies that do not, and they are also more successful than companies that do not plan.

This is further reinforced by another study (3) that finds that fast-growing companies – companies with over 92% growth in sales from one year to the next, usually have business plans. In fact, 71% of fast-growing companies have plans. This includes budgets, sales goals and documented marketing and sales strategies. Regardless of what the plans are called, they are all forward looking plans.

Whether we like it or not, it is proven that companies that plan perform better than those that do not. Accordingly, if not being done, the sooner you and your business undertake creating a business plan the better and brighter the future for your business. It's not the actual planning document that matters, it's the process you go through as you do your planning. As part of planning you will consider many things including what is your target market, who are your customers, how much money will you need to execute your plan, what products will you sell, what new products will you develop, and who are your suppliers.

It forces you to think about things that you may not consider if you are not planning, and simply running at breakneck speed working in your business. Many business owners simply do not have the time, or do not take the time working on their business strategy. At the same time, they do not effectively communicate this strategy to the rest of the organization so everyone understands your vision. Studies prove that investing in planning is invaluable.

**Companies that plan grow 30% faster than companies that do not**

**However, business planning is also not something you do once and then forget about it, it is a constant process that is revisited, time and time again, to be revised and improved as you discover and learn new information. The best business plans are living documents that you revisit and refine as you and your business go forward, change and grow. Afterall, you wouldn't set out on a trip or journey without a destination and a map.**

(1) Brinckmann, J., Grichnik, D. & Kasper, D. (2010) Should entrepreneurs plan or just storm the castle? A meta-analysis on contextual factors impacting the business planning-performance relationship in small firms. *Journal of Business Venturing*, 25(4), 24-40, doi: 10.1016/j.busev.2008.10.07.

(2) Burke, A., Fraser, S., & Greene, F.J. (2010) The multiple effects of business planning on new venture performance. *Journal of Management Studies*, 47(3), 391-415.

(3) Upton, N., Neale, E.J., & Felan, J.T. (2001). Strategic and business planning practices of fast grow family firms. *Journal of Small Business Management*, 39(1), 60-72.



## **Why do you Need a Business Plan and Timelines?**

### **There are many benefits to creating and revisiting a business plan.**

Some are obvious, and some are more obscure:

- Strategic focus – creating a business plan focuses you on what is your strategy – your target market, your product(s) or service(s) and your customers - do they all connect together in a succinct strategy? If not, they should. For your industry what is its history and where is it going in the future?
- The bigger picture – a well constructed business plan forces you to consider all aspects of your business and connect them all. Do your sales match your selling and marketing expenses? Does your product or service match with your production costs and assumptions? Does your required funding cover all short-term cash flow needs as well as long-term requirements – research and development costs, fixed asset investments and working capital needs?
- Focus for the owner and management – preparing a business plan will focus you, the owner, and your management team on the critical items you and they need to focus on. This means neither one of you will be working on tasks that are trivial or unimportant.
- Allows you to access required funding – if you don't have a business plan you will not be able to access external capital to execute your business strategy and plan. Lenders, and equity investors alike, will want to see a solid, well thought-out business plan before they invest.
- Cash flow management – a well constructed business plan helps a business to manage cash flow. It will show where cash is expected to come from and where it is expected to go. By comparing actual results to the business plan, you can see where things, if any, have gone askew.
- Accountability – your business plan will assign the achievement of each major part of your business plan to an individual or group within the management team. By comparing actual results to what was expected you can see if people and departments are achieving their targets on schedule.
- Milestones – your business plan will have deadlines for achieving major milestones. With regular review you will be able to see if milestones have been achieved and if upcoming milestones are still reasonable or if adjustment is required.
- Identification of threats and opportunities – your business plan will identify potential threats and opportunities. With this identification the business can develop strategies and tactics to capitalize on the opportunities and minimize or address the threats.
- Tracking of KPI's (Key Performance Indicators) and metrics – a business plan will identify and set out what major KPI's need to be tracked and what they are expected to be. By comparing the actual KPI's to the expectations you will know if the business is on track.
- Strategic alignment – do the day-to-day tactics line up with the overall business strategy. If not, the planning process will highlight any shortcomings.

- Checking the financial numbers – by comparing actual results to projected results in the business plan, you can see, from an income statement and balance sheet perspective, if you are on track with what you expected and if not where have things gone amiss.
- Manage change – an effective business plan will allow you to check the assumptions you made in your plan, track the progress of the business and see any different assumptions or developments right from the beginning. This in turn will allow you to adjust your plan and track what has changed.

**The size and complexity of a business will dictate how much time and thought needs to be given to developing and documenting each of these items, but each of them should be included in a business plan**



## What to Include in a Business Plan

**There are certain elements contained in all business plans. The size and complexity of a business will dictate how much time and thought needs to be given to developing and documenting each of these items, but each of them should be included in a business plan.**

That being said there are certain questions you should answer in your business plan. Most established businesses already have the answers to these questions, but it's a good idea to revisit them periodically.

- What business are you in? Seems simple enough, but not always easy to answer. The best way to address this is to write a mission and vision statement.
- How will your business make money? Again, seems simple enough to answer, but many start-ups fail to answer this simplest of questions. If you can't define how you will make money than you don't have a business. Take time to consider all possible ways your business can make money. For example, can you sell extended warranties for your product(s) or service(s)?
- What does your business need to get up and running? Simply put how much money do you need? Ensure you include a buffer as experience proves all things cost more than expected when launching a business.
- What is your operating budget? How much will it cost to run your business, month by month, and what is your breakeven – what do you need to earn

to cover your costs. This not only includes what your costs will be, but also what revenue your business will earn. It also needs to include timing of costs and revenues.

- Who are your customers? Take time to understand who will buy your product or service and why they will purchase what you offer over your competition.
- How will you reach your customers? This needs to include how your customers will find out about your business and how you will maintain your customers.
- What sets you apart from your competition? The reality is if you have developed something revolutionary, chances are someone else is working on the exact same thing. Don't be naïve to think that you have no competitors. Businesses compete on price, quality, service and features. Your business plan should identify what sets you apart from your competition.
- What are your strengths and weaknesses? This is referred to as the SWOT analysis (Strengths, Weaknesses, Opportunities and Threats). Spend time to develop this, as business success depends on leveraging your strengths and addressing your weaknesses.
- What are the biggest challenges you face? Facing challenges is a part of all businesses, the key is to identify what the biggest challenges are and how you intend to address them. Don't be naïve to think there are no challenges as this will be a red flag for any investor. For example, it may be finding and retaining skilled workers or changes in exchange rates. The latter can be addressed with a hedging strategy.
- How will success be measured? The simple answer is not just making lots of

money, it's more complex than this. For example, maybe supporting one or two local charities is important, which is not simply based on making money. This is the identification of specific milestones and timelines that will place a stake in the ground to determine if your business is on track for achieving the success you expect.

### **The most important part of every business plan is the financial information.**

By answering the above questions, you will be well on your way to having the content required for your business plan. To be honest the most important part of every business plan is the financial information. This should consist of an income statement, balance sheet and cash flow for at least 12 months, but normally 3 – 5 years. It should also include assumptions detailed enough that the reader understands what your business plans are related to sales, operating costs, etc. You should also include three scenarios – base case, best case and worst case.



## **The Key Elements of a Business Plan**

**Executive Summary**  
**Company Description**  
**Market Analysis**  
**Services or Products**  
**Organization & Management**  
**Marketing & Sales**  
**Financial Projections**  
**Funding Requests**

### **1. Executive Summary**

- The executive summary is the first section of a business plan and tells the reader exactly what you want. It is a snapshot of your plan. Too often business owners bury what they are asking for deep in the business plan and the reader can't find it. Don't be shy, state it right up front. This should be written last and is the most important part of any business plan. The executive summary should be no more than one page. It should include the business concept, the owners/founders of the business, financial features, financial requirements, current business position and major achievements.

### **2. Company Description**

- The company description should explain your company's history as well as some industry background. With respect to the industry you should provide the present as well as the future outlook. For the industry be sure to include independent, reliable sources to support your claims. You need to describe your products or services, so the reader has a clear idea of what you are selling. Highlight your competitive advantage(s) and explain how your offerings satisfy the market needs. You also need to answer the question of how your business will be profitable and what your goals are, which in turn will explain to the reader how they will make money and profit from investing in your business. Again, the key is to be succinct, to keep the reader's attention.

### **3. Market Analysis**

- Your market analysis should define the market in terms of size, structure, growth potential, trends and sales potential. The size of the market should be verifiable, by either an industry expert or if nothing else by totaling the sales of all of your competitors. After this you need to identify what your target market is, and what your projected sales are for the segment you plan to operate within. This will also need to include an analysis of



your competition and where you fit in relation to their product(s) or service(s).

#### 4. Services or Products

- You need to describe your product(s) or service(s) and how often your customers will buy. You should also talk about research and development activities you are working on, as well as any product protection your company has via copyrights, patents and/or trademarks.

#### 5. Organization and Management

- In this section you need to talk about your business structure (i.e. wholesale, retail, distribution, manufacturing, service, etc.) and legal structure (corporation, partnership, proprietorship). You also need to highlight who the investors are in your business. It should also include a detailed explanation of the management team, the Board of Directors, who are the key personnel and if there any gaps that need filling. It should include a current employee summary as well as a go forward personnel plan.



## 6. Marketing and Sales

- Marketing and sales addresses how you intend to let your customers know about your company and product(s) or service(s). This is known as your marketing strategy and sales strategy. Marketing strategy promotes products, reaches customers and builds brand loyalty and includes details including pricing/promotion, and your competitive advantage(s). Sales strategy has details of your sales forecast, programmes and techniques. Marketing strategy is the long-term objectives, whereas sales strategy is the short-term objectives. Marketing strategy is how a company promotes and distributes product(s) or service(s), whereas sales strategy is how a business gets a particular customer to buy its product(s) or service(s).

also have detailed assumptions of how you arrive at the projected numbers. We cannot emphasize enough that the projections need to be realistic and the best way to achieve this is to include actual, historical results as a basis to build your future expectations. You should also have a base case, worst case and best case scenarios.

## 8. Funding Requests

- If you want to raise capital, either via a loan or equity, you need to include how much money you need, both now and within the next few years (up to five years). You will also need to state how you are going to invest/spend the funds you need. Lenders will want to know how you intend to repay them, and/or equity investors will want to know how and when they will see a return.

## 7. Financial Projections

- The financial projections are detailed projections of how you expect your business to perform financially consisting of a balance sheet, income statement and cash flow, for at least the next 12 months as a minimum, but normally 3 - 5 years. It should be monthly for the next 12 – 24 months as a minimum. This should also include a breakeven analysis as well as KPI's and ratios related to your business. You should



## **How a Part-time CFO From Janmar Consultants Can Help You Create a Business Plan and Implementation Timetable**

**Every CFO at Janmar Consultants is a seasoned, financial executive that has worked at multiple companies and in many different businesses and industries. Accordingly, they have been involved with and written many business plans. With this background they provide you with the experience and expertise you, more than likely, do not have in-house to be able to hit the ground running and assist you and your business in formally creating your business plan and implementation timeline. All of this, at a fraction of the cost of not only a full-time CFO, but a junior accountant. As a result, your plan will be completed quicker and provide you more confidence in your business decisions included in the plan.**

**Among the many things that are required to prepare a business plan with timelines, to identify a few tasks, your part-time CFO will work with you and your team to:**

- **Quickly understand your business and how it operates**
- **Determine what your milestones are and the deadlines to achieve them**
- **Preparing your realistic financial projections consisting of your balance sheet, income statement and cash flow, as well as document all assumptions used in preparing them**
- **Calculate your business' breakeven and determine the specific KPI's and ratios that should be included in the projections**
- **Create and document the business plan for your business**
- **Prepare a SWOT analysis for your business**
- **Act as one of the leads, or be the lead person, on your team to create a business plan for your business**
- **Review any existing business plan(s) and help formulate a succinct, realistic business plan**
- **Prepare a complete analysis of the market you operate in and your competitors**
- **Prepare a vision and mission statement, if not in place**
- **Identify key employees and develop incentive plans to retain them**
- **Identify gaps in key management positions**
- **Develop a process whereby the business plan is revisited on a periodic basis and where needed adjustments made**
- **Ensure a process is in place where your senior management team**

understands the full business plan and its timelines

- Ensure a process is in place to share the key elements of the business plan with all employees
- Assign responsibilities so you as the leader of the business are not the only one driving the business forward to give you time to focus on the strategic direction of the business

## Conclusion

Many studies have been prepared that show companies with business plans perform better than companies without.

A business plan provides a clear and concise road map of where your business is and where it is going. It also provides timelines and milestones, so you know if your business is on track or not, which allows you the owner to know if adjustments are needed. This in turn will provide you with peace of mind as you know you are in control of your business, which will allow you to sleep better.

It will get you out of the eternal rat race of feeling the business is controlling you and instead putting you in control of your business. With the responsibilities assigned to your trusted team it will give you time and space to focus on the critical parts of the business – continuing to grow it as successfully as you have up to this point.

However, the actual business plan is not the most important output from this process. The key takeaway is the actual process the business follows, and the people involved in the process, to look at the important questions:

- Who are you as a business?
- What is your market?
- Who are your competitors and what are they doing?
- What are your current and future product(s) or service(s)?
- How is your business expected to perform financially?
- Do you need additional capital to achieve your goals?

At Janmar Consultants we have a seasoned group of financial professionals to help guide you and your business through all aspects of preparing or re-examining your business plan. Call us now, we are here to help.

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