

1.0 INTRODUCTION

- 1.1 This procedure provides a framework and check list in order to develop a Business Plan for XYZ Company.

2.0 BUSINESS PLAN CONTENT

- 2.1 The content of the Business Plan includes all key elements that are a concern of ownership and management.
- 2.2 The principal framework centers around typical entrepreneurial concepts found in free enterprise business organizations.

These concepts include:

- 2.2.1 Organization
- 2.2.2 Operations and Operational Policy
- 2.2.3 Strategic Planning
- 2.2.4 Sales Planning and Control
- 2.2.5 Department Planning and Control, Including Departmental Cost Control
- 2.2.6 Personnel Policy and Practice
- 2.2.7 Profit and Expense Control
- 2.2.8 Financing Policy and Control
- 2.2.9 Profit and Expense Forecasts and Budgets

3.0 BUSINESS PLAN SCHEDULE

- 3.1 The schedule which accompanies this Standard Procedure, presents a graphic display of the interdependence and intradependence of the key elements of the Business Plan.
- 3.2 The greater the strength of each element, the stronger a company is. The greater the balance and "well roundness," the greater is the likelihood of successful and profitable operations.
- 3.3 The main objective of this Standard Procedure is to aid in the development of a current Business, developing the awareness of XYZ Company and developing the needed strategies in the future to achieve the necessary balance for attaining their goals.

4.0 BUSINESS PLAN DEVELOPMENT

- 4.1 The schedule calls for initiation dates, assignment of responsibility, preliminary and final reports, target dates for activation/installation and a progress review date.
- 4.2 A Business Plan serves no more than an intellectual exercise without action being taken. It is crucial that XYZ Company transforms its objectives, goals and plans into overt, positive action.
- 4.3 Success, growth and profitable growth are contingent upon sound, realistic planning put into effect according to a realistic and achievable timetable.

5.0 USE AND APPLICATION OF THE BUSINESS PLANNING SCHEDULE

- 5.1 The Business Plan Schedule by its nature and the most effective way to develop and implement a Business Plan is using the team concept.

- 5.2 There are three techniques for completion of the entire schedule of items/issues. The technique which is most applicable depends on the sense of urgency there is in implementing the plan. However, delays or postponing implementation usually result in the plan not being followed or scrapped. The best results are usually obtained by implementing and fine tuning the plan as the group proceeds. A Business Plan that is implemented and then allowed to follow its course usually will eventually die out. The Business Plan is an ongoing process and needs the nurturing of a group and the commitment of the President/CEO to continue.

5.2.1 INTENSE CONCENTRATION

This technique calls for isolation of the group through one, and possibly two, weekends. The location is not relevant, but an environment free of distraction and disturbance is important. A regimen is established and the Business Planning Schedule becomes the agenda.

5.2.2 ELEMENTAL PROGRESSION

This technique calls for regular meetings of the Business Plan Group. The agenda of each meeting shall be a segment of element of associated issues from the schedule. Again, depending on the urgency, the meetings can be scheduled weekly, bi-weekly, or monthly. The benefit of this technique will be the learning effect for proficiency; as progress is made, new plans will co-mingle with activations and progress reviews of previously designed plans.

5.2.3 UNIT DISPERSION

In some cases, multiple groups may be established and designated units of the tasks or implementation are assigned different groups for completion. An oversight group would require periodic progress reports to monitor proficiency and quality.

6.0 DESCRIPTION OF THE BUSINESS PLAN

6.1 The schedule consists of the following in order to track progress.

- 6.1.1 Item/Issue of Concern
- 6.1.2 Date of Assignment
- 6.1.3 Assignment Made To
- 6.1.4 Preliminary Report Due
- 6.1.5 Finalization Date
- 6.1.6 Activation - Installation
- 6.1.7 Progress Review Date
- 6.1.8 Remarks

7.0 PRIORITY OF ISSUES

7.1 The priorities: by segment, element, or concept, are not rigid. The highest priority for a particular part of the Business Plan should be the area of greatest perceived need.

7.2 Typically, this process usually has an origin in one of three primary areas:

- 7.2.1 Organization
- 7.2.2 Profit and Expense Control
- 7.2.3 Sales Planning and Control

8.0 THE PLANNING PROCESS

8.1 XYZ Company may develop a five-year plan, as general or as specific as is determined to be necessary. From the five-year plan, a detailed one-year plan, which is specific, is formulated. An alternative is to formulate a one-year plan first.

8.2 Developing a five-year first has a tendency to be more effective because:

8.2.1 The quality of the first 12 month plan is improved by having the perspective of where XYZ Company wants to be in five years.

8.2.2 If the process of planning the first 12 months is exhaustive, there is a tendency to delay, postpone or procrastinate at formulating the five year plan. An annual push to complete a one-year plan may mean that no five-year plan ever gets formulated.

8.3 Suggested Framework For Development of a Business Plan

8.3.1 Develop a five-year business plan which will include but not be limited to:

- A) Gross Dollar Volume Objective
- B) Total Net Profit Objective
- C) Product Line Volume and Profit Objectives
- D) Definition of Geographic Market
- E) The extent of Market Penetration to be captured within the specified Geographic Market.
- F) Products and services to be expanded, added or discontinued.

- G) Planned responses of productive facilities to the forecast activities.
- H) Anticipated staffing needs.
- I) Needs for increased skill levels and any additional skills needed.
- J) Planned integration of automation and/or technology.
- K) Disposition of management and executives. (Management grooming and development, retirement, semi-retirement, consultants, etc.)

8.3.2 Develop strategies for successive progression from the present, forward into the five-year plan; including but not limited to:

- A) The stages of product and service diversification.
- B) The progressive "stepping" for annual growth in volumes and profitability. (Adjusting for inflation and/or changes in pricing.)
- C) The stages and time frames for market development and cultivation.
- D) A projection of the nature of sales and advertising activities.
- E) Stages, procedures and programs for manpower development, selection and recruitment.
- F) Programs for skill development of management, sales and staff.
- G) Stages of progressive reinvestment in facilities and equipment, market and management development.

8.3.3 Develop a concentrated, specific twelve-month plan with clearly defined goals to include no less than:

- A) Gross sales volumes by product line.

- B) Department and section goals in response to anticipated sales volume.
- C) Planned human resources development.
- D) Policy, program and procedural changes to be installed.
- E) Capital equipment acquisition, retirement or replacement.
- F) Schedules for compensation, including incentives or bonuses.
- G) Programs to be instituted for cost containment and expense control and designation of responsible individuals.
- H) Plans for increased operational efficiency.
- I) Plan the degree to which incentive programs may be activated for management, sales and staff personnel.

9.0 CONCLUSION

In the absence of planning, the business is at the mercy of the competitive environment which surround it. Growth, should it occur, is left to luck, faith and good fortune which is a risky way to guide a company. Without sound and realistic planning, the whole venture is at the mercy of daily fire fighting and patching to prevent serious difficulties. The hard decisions are postponed in hopes that they go away or may never have to be dealt with. The business is vulnerable to a serious crises from which it possibly may not survive. By developing a Business Plan, the business is better equipped to cope with its reality and environment.