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If You Don't Have a Business Plan, You Don't Have a Plan for Your Business

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In last month's *The Advisor* I was excited to read Bill Phillips excellent article on sales and marketing techniques. I was thoroughly engrossed in the methods and practices he promoted as a vital means of growing our consulting businesses. I realized that I had "accidentally" done/was doing some of what he described, but I also found several "missing links" in my marketing and sales efforts, not the least of which was a formal and incredibly detailed written plan to guide my efforts. Having recently finished spending a lot of time doing a significant update on my company's general Business Plan, I was pleased to see Bill talk about a Sales and Marketing Plan being an integrated part of the Business Plan.

In addition to Bill's article, the last issue of *The Advisor* featured a summary compiled by Deborah Shewitz of the results of the survey mailed to members of the Consultants Practice Specialty. Members who responded to the survey (Thanks again to those that took the time!), consistently asked for more information on how to run a business. This article will feature information on just exactly what a Business Plan is (and isn't), why you should have one, the commonly accepted components of a Business Plan, and some ideas and techniques to get you on your way to writing your own company's Business Plan.

As the title of this article indicates, there should be no doubt in your mind about whether or not you need a Business Plan. It is a vital component of any well-run company and if you started your company without one, you need to find the time now, right now, to get one written. You may be thinking to yourself that you are so busy just getting things moving, finding new clients, keeping current clients happy, earning enough income to pay the bills, and keeping all the plates spinning, that you just can't possibly find the time to sit and write a Business Plan. But you must or you will likely find yourself dropping those plates one by one in the coming months or years as you become one of the many consulting businesses that fail within two years of operation.

A Business Plan serves two key functions; the first of which is as a road map for how to start up and run your company. As such, it typically contains information on the types of services you will provide, why you are uniquely qualified to provide those services, where your offices will be located, how you will decide what market segments to go after and other pieces of information that help you decide how to spend your time day after day. This function encompasses most of the information about the company you've been dreaming of running and the

vision for it that has been percolating in your mind from the time you dared to think you could go out on your own.

The second key function of a Business Plan is to attract all of the resources you need to start up and run your company; mostly money and people, but also items like equipment and sales contacts. It is the paper you hand to your friendly neighborhood banker or venture capitalist when you need a business loan or start-up funds. It is also the paper you hand to potential senior partners or key management prospects during the interview process. It can also provide the information possible suppliers need to decide whether or not they can supply your product and the information you may need to give to a commercial realtor when you are shopping for office space.

Once you have been convinced of the need to write a Business Plan (If you are not yet convinced, go back and re-read the above paragraphs.), your next obvious question is what specific information should be in your plan? There are many resources readily available to help you formulate a working outline of your Business Plan. A simple internet search will reveal many business-related sites that feature templates or software. You will also easily be able to find books and other traditional written materials as well as seminars, mostly free, hosted by your local federally-funded Small Business Development Centers (SBDC) or Service Corps of Retired Executives (SCORE). I highly recommend taking advantage of these resources. Sitting down in front of your computer with a blank document facing you is a very inefficient method; you will have so much information that it will be hard to lay it all out in a manner that makes sense. And besides, your Business Plan is for outward consumption; it only makes sense to set it up in a format that is familiar to those who will be reading it.

The template I used for my Business Plan was one that I found in *Entrepreneur's Guide – Starting and Growing a Business in Pennsylvania*; (Center for Entrepreneurial Assistance; January 2002.). It was similar in many respects to several templates I found and I decided to use it because it explained each section in an approach that was clear to me regarding the specific contents. This template lists the following twelve major sections:

- Section I – Title Page
- Section II – Table of Contents
- Section III - Mission Statement
- Section IV – Executive Summary
- Section V – Industry Status
- Section VI – Target Market/Customer Base
- Section VII – Marketing Plan
- Section VIII – Production and Operations Plan
- Section IX – Insurance
- Section X – Management and Human Resources Plan
- Section XI – Financial Plan

- Section XII – Attached Exhibits

Sections I and II (Title Page and Table Of Contents) are fairly self-explanatory as to content however, it is important to note that these are the pages that give your readers their first impression of your company and you. And you know the saying about how you never get a second chance to make a first impression – take the time to make them look professional and clear. In addition, the Title Page should contain a brief one or two sentence statement that describes your business. If you've taken the time to develop a slogan for your company, it should go here.

Section III (Mission Statement) is crucial and you must take the time to get this into a form that is understandable and says exactly why you are doing what you do. It doesn't have to be that long, in fact it is something that should be short enough to appear prominently on your company's promotional materials like brochures and on your website, but it needs to convey some essential elements about why your business exists. For companies that make widgets, it usually talks about making the best widget in the world, but for those of us in the business of keeping people safe at work, there are far loftier purposes that should be conveyed.

Section IV (Executive Summary) is a true summary of all that is to follow. It should convey enough information that the reader clearly gets what you do and how and also whets their appetite to read the rest of the remaining pages. This section is another helpful stand-alone tool to use to promote your company and it should be written in that way. Some of the details you need to include are company history, qualifications of the key principals, customers, and general business goals.

Up to now, the information required is stuff you should be able to sit down and put out on your own. It represents basic details, facts and ideas that are unique to you and your company. Section V (Industry Status) is where you will need to begin doing some outside research. If you are like me, you will be tempted to skim over this part or even skip it altogether. In a word, don't. The research you do for this section will provide you will endless new ideas and vital information to help you fully think through the "limitations and opportunities" of your company. You need to understand the overall industry outlook as well as the outlook for the city, state or region where you intend to market yourself. You're probably asking yourself: Where in the world do you get these kinds of details? Look no further than the October issue of Professional Safety where you can peruse the highlights of the ASSE's annual Membership Compensation Analysis. (The full report is available for purchase online at [www.asse.org](http://www.asse.org)) In addition, every year the National Safety Council publishes an article about the current job outlook for the EH&S profession in their monthly periodical Safety and Health. This year's survey results were published in May of 2004. You can also contact your local Chamber of Commerce, business section of the local public library or an SBDC.

Finally, many governmental entities offer this type of information either on their website or in paper form.

More research is vital to Sections VI and VII (Target Market/Customer Base and Marketing Plan), which are, in essence, the Sales and Marketing Plan detailed in Bill Phillip's article discussed above. And it really is as crucial as he says that you take a big chunk of time to do these sections right and to keep revisiting them on a regular basis. You first need to be clear about whom you are trying to sell your services to and then you have to unambiguously state how you will convince them to buy what you are selling. You must also take a close look at your competitors and see if you have what it takes to run with the pack, to coin a currently popular phrase. While some of the earlier sections of your Business Plan are fundamental to defining who you are, these sections identify what you do. They must be well-detailed and backed up with plenty of good documentation. And don't forget to talk about how you have decided to price your product. So many of us start out in the business by trying to sell at the lowest price to get business, but if you've got something of quality to sell, you ought to be able to sell it for what the market will bear and you can only know that if you take the time to find out what everyone else is charging.

Section VIII (Production and Operations Plan) is the one section that has a little less applicability to what consultants traditionally do since it focuses on the details necessary to determine how you will be making the widgets to sell. Since we consultants sell ourselves, we often don't have as much need for describing things such as manufacturing facilities, equipment, suppliers, shipping, R&D and the like. However, we do need to spend some time in this section addressing workspace issues and identify how we will be setting up our offices as well as determining whether or not zoning or local regulations apply. We also need to pay attention to tax issues and how we plan to pay our employees. Obviously this section must be broadened if your company will be selling safety-related products such as books, tapes, or personal protective equipment.

Section IX (Insurance) is a short, but critical section and addresses how we plan to manage risks. As owners of small businesses, that will hopefully be bigger someday, we need to plan for everyday potential losses as well as those catastrophic ones. Here in the Pittsburgh area where I live, Hurricane Ivan literally wiped out 95+% of the business in three small towns outside of the city and almost every one of them was a small business. Day after day the news media played interviews with distraught business owners whose dreams seemed shattered because they had no flood insurance and did not have the financial ability to start over again. Most businesses do not have a business interruption plan and many who suffer a catastrophic fire never re-open. Make sure you identify where your company is vulnerable and take the necessary steps to protect it. Make sure your plan addresses how you will protect your company from the risk of such problems as fire, theft, and professional liability. Don't forget about employee issues such as Workers' Compensation, and

unemployment. And finally, don't forget to answer the question of how your business will survive if you are temporarily disabled and unable to perform.

The people who help you run your company are your most valuable resource and the most expensive one. The issues related to recruitment, retention and (hopefully) expansion are addressed in Section X (Management and Human Resources Plan). Provide details about the responsibilities of your key managers and who reports to whom. Determine how many employees you will need, not just at the start-up, but for the first couple of years. If you have made realistic projections for growth in the previous sections, now is the time to talk about how the people in your company will sync with what you need to make the growth happen. This section should also address the types of additional consultation services you plan to utilize. At a minimum this should include an attorney, a banker, an insurance representative, and an accountant. These days you probably will also want to address telecommunications as well as website development and management.

Hold on, here comes the numbers section – Section XI (Financial Plan) is where you have to lay out the money game. Many safety professionals turned consultants just don't have a significant background in this area. Obviously, many of us have had some financial management responsibilities in our previous lives and positions and, to some degree, it all boils down to what comes in must be more than what goes out, but if this is an area that is not a strength for you, 'fess up, get help and learn fast. In my initial Business Plan I used the services of the local SBDC. I met with an "accountant type", gave him my numbers and before I could get back to my office, he had whipped up Balance Sheets, Profit and Loss Statements, and Projected Cash Flows Documents for the previous year when I had been doing some free-lance consulting as well as for the next two years. I now understand those documents much better now than I did then, but I'll be the first to admit I am always scanning the business section of our newspaper for the free/low cost business financial planning seminars. The other significance of this section applies if you need start-up money or a loan to get your company up and running. Lenders will obviously pay close attention to this section and will want to see evidence that you have clearly articulated a break-even analysis in addition to such mundane matters as monthly expenses.

If you've made it this far, Section XII (Attached Exhibits) is simply the place where you pull together all of your supporting documentation and references. This will obviously include resumes, contracts, leases, letters of support, promotional materials and any other market research used in your Business Plan. As with the first two sections (Title Page and Table of Contents), take the time to make it look pretty and professional. A Business Plan should represent your company both in content and style.

Okay, so I've convinced you that you need to write a Business Plan, but now you've decided this is turning out to be a real time killer – twelve sections is a lot

of writing. How long does it really have to be? The short answer is – it depends. Since many consultants start out with a laptop and a home office (read: space we've cleared on the dining room table), you can probably write a good plan for 10-15 pages, 20 if you are more ambitious or long-winded. If you are more adventurous in your initial start-up or have developed a partnership or hired several employees or scouted out an office location, the higher end is going to be necessary.

Before you finalize all of your hard work, be sure to take just a little more time to find someone to review it for you. Now that you have sweated over the draft an endless number of times, you lose the ability to look at it objectively and clearly. You miss some nuances of explanations that fresh eyes can easily see and you want a good unbiased opinion about whether you've hit the mark. Who can you bribe to do this for you? Well, spouses and significant others often work well, if you trust them to be honest, even brutally so, without damaging the relationship. A good friend who may not be in the business can be helpful too since they will be reading your Business Plan from a true outsider's perspective and can offer good insight about its clarity. Finally, look toward your mentor. That's what you have one for. What? You don't have a mentor? Well, that's another article. Check back in the next newsletter.

Perhaps your next line of questioning goes like this: I've done the plan and I've dressed it up by putting it in a binder. I've even made a nice cover with some clip art and a color printer. Can I put this away somewhere now and get back to work? If I've done my job, you are shaking your head no very rapidly. Of course you can't. This is a working document. It needs to be right on your desk in a location that requires you to look at it occasionally. If your Business Plan is what it should be, you will want to open it regularly and refer to it to help you achieve your goals. It will guide your day to day operations, particularly in the first year or two. In addition to consulting it regularly, you must also commit to a regular review and revision process with yourself and your key managers, if you have them. At the very least, a formal quarterly review is de rigueur.

One final note about content; since Business Plans can serve many purposes, you may need to create several different versions depending upon the audience. This may not be necessary for your first version, but as your company grows, you may find that you pull out parts and refresh or enhance them for a particular reason. Not everyone will need to get a copy of the whole plan. But this should be the least of your worries at the start.

The last topic to concern ourselves with is how to get help in creating your Business Plan. If you really feel you can't do it justice, by all means hire a consultant to help you. But it will cost you money and by the time you spend enough time with the consultant so that he or she understands your business well enough to write the plan, well..... I am not for a minute suggesting that using a consultant is not a good idea; that would be a little bit silly since that's how I

make my living, but think carefully about what you want help with and how the consultant will help you before you sign a contract. As with any time you use a consultant, interview, get references, and have a written contract.

Another way to get professional help is to attend a workshop or seminar on the topic. As I noted above, many organizations such as SCORE and SBDC's offer low cost or free programs that may give you the hand-on experience you need. SCORE and SBDCs will also give you individual help in preparing your Business Plan through assignments to individual counselors. In addition to help in this particular business area, many of these counselors will also provide you with help on the many facets of starting up and running your own business. Getting help with your Business Plan is a great way to start a relationship that will pay off in spades.

You may also want to consider joining your local Chamber of Commerce. They provide more than just networking to their members. Many chapters provide all sorts of business development advice and assistance; often they can pair you with another chapter member who has agreed to act as a mentor. And while I'm talking about mentors; ASSE's Members Only pages has an online program that allows you to sign up for or search for another well-seasoned member who is willing to mentor you.

As was mentioned at the top of this article, there are a myriad of websites that offer assistance, many of which focus on providing help to entrepreneurs like you. Some sites you will find are require a membership; others give out their information for free. Be sure you look at more than one site and try to look for some consistency among the advice. Information that seems different than the rest of what you are seeing should be a clue that perhaps the person offering the advice doesn't really know what they are talking about. When I researched Business Plan templates online I easily found five different ones, but when I really looked closer, they were remarkable similar in their layout and content. If you are more traditional, books are a great resource. Many large libraries have a Business Section with friendly, helpful and smiling librarians.

What more can I say? I hope I've convinced you that a Business Plan ought to be at the top of your "To-Do" list for finally making your dream of owning your own company a reality. If not, give me a call and invite me out for a cup of coffee or a glass of shiraz and we'll talk.

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