



### Plan, Plan, Plan to Stay in Business

Running a small business can be time consuming. You've got enough to do to fill orders, buy stock, invoice customers and so on without all those other jobs like management, planning, marketing and finance.

Most small business owners just want to get on with the job!

But wait. This is why you are in business - to run a business. This, in fact, must be your first priority if you want your business to survive and move forward. Neglecting these important activities can do more to erode the business' base than anything else.

You need to find the time to devote to planning and steering the business rather than being the all-rounder who does everything.

You need to allocate quality time on a daily basis for:

- Planning where the business is going
- Developing customer relations
- Team training and development
- Reviewing actual results
- Planning effective delegation.

Research in Australia found that more than 50% of new businesses fail within the first year and after three years over 80% had failed. The results - which would be similar for new business start-ups in New Zealand - found that 80% of these failures were the result of managerial incompetence and inexperience.

If you made a business plan before you started your business - congratulations! But that is not the end of it. Planning does not stop once the business is up and running. You need to keep at it. You need to look ahead one year, maybe three. You need to constantly know where you are heading and where your goals are.

Think of it as a step-by-step process in which you need to focus on the actual steps. The critical part of any planning is *in the planning*, not the finished plan.

The step-by-step process also makes the business planning exercise much less daunting. People get put off the idea of business planning because it sounds difficult. Don't think the task is insurmountable. It is simply a method of analysing your business using simple concepts that you may already be using without realising.

There are many useful books on this subject, which provide easy-to-follow steps. Your accountant can also help you get started and answer any questions you may have. The important thing is to start now if you haven't already.



*"The important thing about a business plan is to actually have one."*

*500 Award-Winning Small Business Secrets.*

**Geoff Grist**

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## Next Steps - Make a Business Plan

The business plan should consider:

- Where is your business going?
- How is it going to get there?
- Where you are now - review of the business
- Objectives
- Resources
- Experience
- Competition
- Customers
- Market
- Staff
- Location.

And contain financial forecasts and action plans for work agreed to be done.



## Where Do You Find Quality Time for Business Planning?

You plan for it!

- Allocate an hour each day when you lock yourself away. Make sure it's at a time when you are fresh and alert - not tired at the end of the day.
- Have someone take messages to avoid interruptions. People don't mind as long as you ring them back within a reasonable time.
- Make sure your team know this is your planning time and that they need to give you an hour alone.
- Keep in mind the "big picture" but break each planning day down into chunks so you look at one part of your business each day or over the week/fortnight.

## Hot Tip

Keep this book handy as a guide for your business planning: *Business Planning, The Timesaving Guide to Business and Marketing Planning* by Peter Hickey. It's designed to be used like a workbook as it includes business plan templates which you just need to complete. The book works well as a stand-alone business planning tool but also forms part of the "MAUS Master plan Business Planning Software".

The book gives you the topic headings and asks you the relevant questions required for business planning depending on whether you want a simple or more detailed plan. Templates for a detailed approach include: your business profile, strategic direction, sales, market and competitor analysis, SWOT analysis, production plan, financials and so on

In the next section the book shows you how to go about the task of information gathering and introduces concepts such as 'market segmentation' and 'developing a strategy'. The author stresses that these terms are not trying to be complicated, but are in fact concepts that are probably already being used by the reader without them realising. So keep on reading.

Small business owners who are looking for help with their business planning, or need a business planning tool may find this book very handy. But remember, while they've provided all the questions and in many cases supplied examples, you've still got to come up with the goods. The aim of business planning is to consider thoroughly the issues that are relevant to your business.



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## When You Need a Loan

Maybe you're about to start a small business, or maybe you're planning to grow, invest in something new or launch a new product. Chances are you're going to need a capital injection.

Applying for a loan can be a difficult task for a small business but the important thing to remember is banks and finance companies tend to be more sympathetic to a properly prepared finance application than a verbal or sketchy written one.

The bank wants to know that you have a business plan and are operating to it; that you know where the business is going and that you know how the loan is going to be repaid.

As well as providing details in your application such as the nature of your business, how much you need, the term of the loan and so on, you also need to demonstrate that you understand the risk factors associated with the application.

There are several risk factors to take into account and include: the risks of cost over-runs, inability to obtain materials needed for production, rates of inflation, fall in demand for and price of product, political influences. It's important that you comment on each risk factor and advise how the risks are going to be overcome.

Make sure you find out exactly what the bank or finance company is looking for before making your application. To support a positive outcome you need to present a thorough and accurate application which covers all the relevant questions the lender will want answered.



## Five C's of Lending

Bankers use a concept they refer to as "Five C's of Lending" in determining whether they will lend to an applicant. These are:

**Character** - what is the personal element of the applicant?

**Capacity** - have they got the ability to repay their loan?

**Collateral** - what security is offered?

**Conditions** - what is the market place doing in that particular industry or location?

**Capital** - what is the present position of the applicant's assets and liabilities?



*Be sure to read each article with the mindset "How this could apply to our business". Thinking of it that way will guarantee that you get value. Also make copies for each team member. To really make sure something positive happens, work with your business development specialists to talk your team through ideas.*

## **An important Message**

*While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.*



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## Calling All Prospective Employees

You've worked out that you need a new person to join the team - now you need to find that person.

If you're going to advertise, remember it can be expensive so you need to make sure the ad will be read by the right people. If you know the type of person you are hoping to attract, ask yourself what media would that person read? Don't waste your money on placing an ad where it won't be seen. Your company's web site (if you have one) could also be a good place to advertise.

Here are some points to keep in mind when writing the advertisement.

### **1. Give the specifics:**

- The name of the position
- A brief summary of what the position entails
- Comment on the salary and conditions applicable to the position
- The name of the employer and a brief comment on the employer
- The closing date for applications
- Indicate what has to be submitted eg, written application, resume etc
- Contact details for submitting the application.

### **2. Check against job description**

Check the details contained within the job description agree with the details included in the advertisement. Make sure the advertisement correctly describes the position.

### **3. Ask for a resume**

It's worthwhile asking for a resume, or curriculum vitae. This will give you valuable information about the applicant's work experience and other interests.

### **4. Don't discriminate**

Make sure you do not discriminate in advertisements. This includes discrimination based on sex, race, age, political beliefs, religious beliefs, sexual preference etc.

### **5. Tips for the ad**

- You cannot specify age or use words like "young", "mature" or "retiree". These terms indicate an intention to discriminate on age, which is illegal.
- You have to be careful about specifying years of experience, unless there is a definite reason why that experience is required.
- Your advertisement should indicate that you are an "equal opportunity employer".
- Do not ask for age or date of birth in the advertisement.



## What About Consultants?

Human Resources Consultants can save you a lot of time in advertising and interviewing. As well consultants normally offer a replacement policy within a stipulated number of months if the person selected is not successful. This puts the onus back onto the consultant to get it right first time.

The consultant would plan the advertisement, review the applications, check references and interview the applicants. He or she would brief their client on the applicant's performance and both parties would then conduct interviews of the final two or three applicants, and a select few should be offered the position.

Using a highly respected human resources consultant can add significant credibility to the company's image and, of course, free up a considerable amount of executive time from the time consuming functions of employee recruitment.

## ***Temperton & Associates Ltd***

Level 1  
17-19 Seaview Road  
Paraparaumu Beach  
New Zealand

Phone: 04 298 6025 or 04 570 2991

Fax: 04 298 6205

[accountant@temperton.co.nz](mailto:accountant@temperton.co.nz)

[www.temperton.co.nz](http://www.temperton.co.nz)