Business Plans: Roadmaps for Growth & Success

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Contrary to popular belief, business plans are not just for corporations, entrepreneurs, consultants or new start-ups. Business plans are critical for any organization – libraries or information centers, internal departments, non-profit firms, associations, etc. – that wants to be successful. By its very definition, a business plan is a plan for the business, clarifying why it exists, who it exists for, what products and services it provides these client groups, how it intends to develop and deliver these products and services, and where it is headed. A business plan is a roadmap for the organization, showing the destination it seeks, the path it will follow to get there, and the supplies and where-with-all required to complete the journey.

Not surprisingly, SLA's <u>Competencies for Special Librarians of the 21st Century</u> (www.sla.org) identifies the ability to develop a business plan as a core professional competency:

> "1.7 Uses appropriate business and management approaches to communicate the importance of information services to senior management."

The "practical examples" given for this competency include developing marketing plans, calculating a return on investment for the library and its services, benchmarking, and so forth. What is somewhat surprising is that although information profession-geared journals and conference presentations regularly focus on these 'practical example' topics, they have not given the same attention to the core capability of business planning. Is this because of the assumption that a 'business plan' is for those seeking venture capital? Or is it because people envision business planning as an expensive, arduous, time-consuming task composing a lengthy report filled with motherhood statements?

Whatever the reason, the emphasis of the past 10—15 years that's been placed on marketing, benchmarking and identifying best practices has, for many information centers, led to a 'cart-before-the-horse' dilemma. Business planning should be the 'horse', if you will, creating the positive pull for an information center. Marketing, best practices and ROI's are among the many capabilities, along with resources, staffing, financing and other enablers, that need to be placed in the information center's cart to help it reach its destination.

Increasingly, information professionals are shifting their emphasis to the business planning process, although they may not always use that term for it. Various organizations use various names, depending on their culture: direction planning, strategic planning, business imperatives and objectives, plans and priorities, etc. They are recognizing that the actual business plan doesn't have to be a tome. The final document can be as short as 9 or 10 pages, and that the process does not turn into a long, drawn-out series of yawn sessions. More often, the

discussions and meetings involved are exceptional opportunities for enhancing communication and relationships among team members as well as with key clients and stakeholders. The final result is confidence, within both the information center and senior management, that the information center is a valid and valued player within the organization, aligned with overall organizational strategies and with a firm grasp of its operations.

Think BIG

Put simply, those developing a business plan should address the *'BIG'* issues for their information service, library or information center:

B - Business: demonstrate that they understand the business they are in, the forces and trends impacting their area, and where their particular organization fits in

I – Interest: capture the interest of their stakeholders, defined as those who can put a 'stake through the heart of their organization' – be they senior management, investors, key clients or champions/supporters

G – Growth: clarify how they plan to sustain and grow the business, including who their clients are and why these clients will purchase and/or use their services and products

Planning Framework

There are a myriad of models out there to guide organizations through the planning process. The direction planning framework (figure 1) is a particularly effective one, breaking the planning process down into manageable chunks while still emphasizing the inter-dependencies and iterative relationships among these components:

- *Purpose:* Why should your business exist?
- *Vision & Strategy:* Where is your business headed?
- *Market:* Who is your market? Who are the primary targets?
- *Offerings:* What are your services & products? What makes these compelling to this market?
- *Capabilities:* How will you deliver these offerings to this market? What technologies, resources, people & processes must be in place?

Another reason why this framework works well is that it prevents the planning process from being conducted in isolation. To be truly successful, the process must first establish the 'context' in which the organization will be operating by exploring the current and evolving environment surrounding the business.

Setting The Context: Scans & SWOTS

Since the business plan is your roadmap to the future, it's understandable why the initial step is to survey the horizon and determine, as much as possible, what elements are going to affect your trip. Where is the rough terrain? Where can you accelerate? Most importantly, where are the pit stops? The context setting involves identifying those trends and forces that *may* impact your business:

- What do you know about the world around you, that impacts you, & your clients?
- What trends are, or will be, at play within your industry? With regulatory agencies? With suppliers?
- Who are your competitors? Can you list your suppliers and competitors by name? What is their size? market share? Growth patterns and plans? Potential? What are their directions? What can you learn from them?

Although it sounds like lots of work, for most information professionals this is the easy part. After all, it's really research. Our expertise is digging out information, right?

What is usually more daunting is the next step: shifting our focus from what's happening around us, to looking at what's happening within us and our operations. You know – the SWOT – identifying your unit's strengths, weaknesses, opportunities and threats. For some teams, this can be like a physical 'swat' - painful. But the harsh reality is that what you don't know *can* hurt you. If you don't ask these questions, and answer them honestly, rest assured that your 'investors' or senior management will.

- What's your market size? Market share?
- How does your market, both current & potential client groups, perceive you as an information solution?
- What's your track record with your clients, & with stakeholders?
- How do you compare with your competitors?
- What are your internal capabilities?

This is just a sampling of the questions to be addressed as you identify those things are going to speed or impede your journey.

The Opportunity:
Business' Purpose

Regardless of what term your culture prefers – purpose, mission, mandate, role, or schmole - you must articulate, clearly and succinctly, why your organization exists. Exactly what business are you in? Put another way, what will be missing if this business does not exist? What gap are you filling? Don't be concerned about well-phrased, painstakingly worded statements at this point. Because this

is a dynamic process in which each component builds on and complements the others, the wording should always be left until the end. What's important at this point is a clear understanding among those involved of what this core business is – and is not.

Direction

Now comes the fun. At least, this should be fun. If it's not fun for an organization to gaze into the future and say, "this is where we want to end up!", then there is something seriously wrong. The journey to reach a destination in today's competitive, client-attention-deficit environment is difficult enough. Organizations had better make sure that they know where they are headed and are excited about getting there – or there's no sense getting packed.

Again, the terms used to describe this will vary from one organizational culture to another, but the essence remains the same: the business' vision. Ideally, what does your library or information center or knowledge service function *really* want to be doing in 3 years? Complete this statement: "By 2003, we will be…. working with x clients, delivering x type of products, with x revenues, winning more awards than we can accept…." Your business' vision, or strategy or direction, should be precise and compelling. It should convey to your team, stakeholders and targeted clients that you've looked into the future and forged your place within it.

Your vision should be further clarified by 3 – 5 strategies. Why 3 – 5? Frankly, because, in most cases, any less than 3 long-term strategies signals a somewhat limited vision, and, any more than 5 is confusing and more than people can remember! Just as the long-term strategies add 'meat' or clarification to the vision, each long-term strategy needs to be supported by short-term or near-term annual objectives, goals, or targets.

Whatever you do, don't let semantics get in your way. Simply determine what you need to do this year to move forward on each strategy that will ultimately take you towards that visionary destination.
- *"By 2003, we will be…*
- *"To get there, we will be concentrate on:*
  - 1
  - 2
  - 3
- *"And, this year, we will:"*
  - x,y,z

The business purpose and vision are your base decision-criteria. Each time an organizational or market shift jolts your world, this clear understanding of what

your business exists to do and where you are headed enables you to respond decisively and effectively. No decision criteria? No decisions.

Market

It's at this point that the business plan must begin to address your stakeholders' *"oh yeah's?"* Once they've heard about your business line and your strategies, their eyebrows rise into that *'convince me you can do this'* arch. The best defense against this type of cynicism is offense – meaning, show those cynics that you know your market inside out.

Your markets are those groups of people who 'buy' your offerings, either with their cash, their support, or their sponsorship. Never be misled that because you don't 'charge' directly for your offerings you don't need to define a target market. Businesses cannot be all things to all people. Attempts to do so only drain resources, marketing efforts and value.

Why is the market section of the plan one of the make/break points for investors/stakeholders? One key to a business' success is their ability to make their products and services indispensable to client groups. So, stakeholders know that if a business doesn't know the unique characteristics of their target market and how their products or services will be compelling to this market, then the business' chances of survival are slim.

Stakeholders are not looking for you to have a huge market. They are looking for you to know what your market is, it's relative size, it's buying or usage patterns for your products and services, trends impacting this market and your competitive advantage.

This section of the plan should describe your distinct primary and secondary target markets. The better you understand who your clients are and how they work, the better you can customize your offerings for them, and the better you can communicate, build relationships with and market directly to them.

Offerings

Finally, we get to the point at which most people would like to start: products and services. Most businesses engaged in the planning process, from an information service to a software producer to a ice cream manufacturer, are convinced that:

1. their business has *the best* offerings for their market and are 'the crux' of the business; "Let's just get to the crux of the matter," they argue

2. as long as they have these superb offerings, their business can't help but succeed

3. the only thing that really matters to stakeholders are the actual products and services

The result is that they focus most of their plan on their offerings, describing their functionality and features in great detail. While this offering-centric zeal is understandable and even admirable, it needs to be reigned in when writing a business plan. If the building blocks aren't in place, the whole foundation will collapse. There's no sense getting to the "crux" of the products and services if the stakeholders aren't prepared to believe that there's a market and that these offerings can compete within that market. The plan has to carefully pull down the layers of doubt held by those contributing to the planning process, and those listening to or reading the plan by guiding them through the business' core purpose, vision and market. These initial components *ready the believability of the products and services*.

This section of the plan should:
- List the portfolio of offerings clearly and succinctly
- Show where these products and services fit on the target market segments' radar screen
- Demonstrate why these client groups will want these offerings, and why they'll want them MORE than other offerings

Each of these points can be elaborated on in the appendix, as can the features, functionalities and benefits of products and services.

Capabilities

This is the point in the planning process when the business lays out its operational requirements. As solid as the market sounds, and as appealing as the services seem, what's it going to take to develop, market, and deliver those offerings to that market? Some of the considerations include:

- Financial – What operating and capital funds are needed? What are the forecasts for revenue generation? Expenses? Monthly/quarterly/annual cash flow?
- Personpower – What roles and requisite competencies are needed? What full-time, part-time or contract complements?
- Technology – what software, hardware, and infrastructure must be in place?
- Logistics – are other types of equipment needed? What type of office or client areas should be available?
- Product/Service Development & Management – how will your offerings be developed? Enhanced? Quality assured? What are the delivery modes?

- Marketing – what marketing channels will be most effective? What positioning will you take?
- Customer support & retention – How will customer relationships be developed and maintained?

Do you answer these, and more, questions during the planning process? Yes. Do you provide the answers in the business plan? No. The plan certainly needs to illustrate that these issues have been dealt with, and should give high-level answers, with additional details in the appendix. Stakeholders will test the numbers – how much? How many? and why? To answer those questions the business must grapple all the underlying questions and possibilities. This is just part of the planning homework, and, as we all learned throughout our education, we won't pass the test if we haven't done our homework.

Pulling it Together

The actual look and feel of the final documented plan, and its presentation to key stakeholders, depends on the organization's culture. It may range from a PowerPoint discussion to a spiral-bound report or both. Some typical layouts for business plans are:

Sample #1:
- Executive Summary
- Purpose & Strategies
- Client Groups
- Portfolio of Services
- Budget: Capital & Operating
- Personpower
- Appendices

Sample #2:
- Summary
- The Business: Background & Management
- The Opportunity: Market & Services
- The Requirements: Development, People & Finances

Basic rules of thumb, however, are to always, no matter what:
- *Document the plan, either in points or full-fledged prose.* Nothing sparks discussion nor probes people's understanding faster than the written word. Plus, your team has reached some critical decisions. These need to be validated and put into effect.

- *Write an executive summary and communicate it.* The summary provides the key points for stakeholders, team members and all involved. These need to be conveyed and consulted regularly. How can a business get where it wants to go if it doesn't refer to the roadmap it's just invested in? The details are important, but not everyone needs to be mired in them. Keep them in the appendix.
- *Involve key stakeholders throughout the process.* No one likes surprises – not you, and not them. Inform them that you're undertaking the process and invite their input and participation. The more involved senior management is in the process, the more you can ensure that your strategies are aligned with their's, and the more understanding they have of your contribution, operations and directions. If, for whatever reason, they can't participate, then run drafts of your business plan components by them as you move through the process. If they object to some of the decisions your team is making, it's better to find this out earlier while they are in the draft stage, than later.
- *Engage all or as much of your whole team as possible in the process.* Not only will this enhance everyone's knowledge of the process, it's an ideal way of tapping into everyone's insights and 'getting everyone on the same page.' People contribute most effectively to a business when they feel that they are a valued part of that business. If everyone can't participate in the discussions, then ensure that they are all consulted with immediately after each discussion to build buy-in and gain input.

Ultimately, a business plan is the acid test used by key stakeholders to determine if the entity really *does* have a viable business, and if those in charge can actually run it. Just by undertaking the process an information service or information center demonstrates that they are quite capable of operating a growing, vital business that is in complete control of its market position, strategies and destiny.

Sidebar:

Useful Sources & Sites:

A premiere article on this topic is *"How to Write a Great Business Plan,"* <u>Harvard Business Review</u>, July-August, 1997, pp. 98+

http://www.profitguide.com/profitlinks/index.asp?cat=Business+plans
Profit Magazine's web site's collection of links for business plans is an excellent starting point

http://www.inc.com/articles/details/0,3532,ART14871_REG8,00.html
"The Basics of Business Plans: Sell, Sell, Sell" by David E. Gumpert, from How to *Really* Create a Successful Business Plan

Business Plan Pro from PaloAlto Software (www.paloaltosoftware.com) is certainly worth having a look at, as is its site, www.bplans.com, which it describes as "The definitive destination for business planning information on the web, powered by Palo Alto Software."

Figure 1: Direction Planning Framework