



Listening to Your Business Part II of II

Listening to Your Business

Participant Guide-Part 2 of 2

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LISTENING TO YOUR BUSINESS

You want to be here in three years



Step 4 Transition Tactics

- o Establish action steps for the transition.
- o Identify immediate actions needed.

Step 3 Planning Tools and Competencies

- o Evaluate current planning tools.
- o Identify the way plans will be used for analysis, communication, strategic direction, and control.

Step 2 Business Life Cycle and Transitions

- o Verify the stage of growth of your business.
- o Decide at what stage of growth you want your business to be in three years.
- o Ascertain the challenges of transitioning from one stage to another.

Step 1 Three-Year Vision

- o Envision where you want your business to be in three years.
- o Discover where your business is today.
- o Determine necessary transitions to reach your vision.



You are here.

Welcome to Listening to Your Business

Listening to Your Business will help you evaluate and measure your business strategies. Specifically designed for entrepreneurs, this workshop will help you answer the question “Where do I want my business to go, and how do I make it happen?”

In this workshop, you will:

- Identify a strategic vision for your business.
- Determine an appropriate plan of action.
- Prioritize and formalize transition steps.
- Develop a transition plan to grow your business.

Listening to Your Business, will take you through some major questions successful entrepreneurs ask themselves:

- Where is my business today?
- What stage is my business in?
- In what stage would I like my business to be three years from now?
- What transitions will I, as the entrepreneur, need to make?
- How do I get my business from today to my three-year vision?

Step 3 - Planning Tools and Competencies

“Those businesses that don’t plan for the future won’t have one.”

– *Anonymous*

In today’s competitive and complex global marketplace, business success is far from guaranteed. Still, there is little mystery as to one of the essential keys for launching, operating, and growing successful businesses—sound planning. Understanding and applying essential entrepreneurial planning tools can reduce many of the risks of entrepreneurship.

In Step 3, you will:

- Identify business planning elements that need to be developed or improved.
- Select the planning tools needed for analysis, communication, strategic direction, and control.
- Rate your personal and business competencies.

After the vision has been established, entrepreneurial planning tools should be used to drive a business towards the vision. These tools include:

- Start-up business plan
- Business plan
- Marketing plan
- Strategic plan
- Operating plan
- Exit plan

Using these entrepreneurial tools produces specific, documented goals that can be communicated with management, staff members, and external advisers. Written plans help entrepreneurs work smarter, rather than just harder. The process of analysis and goal-setting enables them to better understand and clarify risks, thereby devising ways to manage and reduce those risks. Using these essential planning tools keeps the business in a future oriented mode, always anticipating new trends and directions.

Key Issue

Business planning is the key to reducing risk and uncertainty and to achieve success.



Business Planning Track

Entrepreneurs should view business planning as essential learning, research, and analysis that helps develop vision, focus, and results. Following are seven essential entrepreneurial planning tools:

The feasibility plan (business proposal)

Typically, the first planning document required of new businesses is the start-up business plan. This plan proves that a business idea is feasible and could be profitable. It consists of researching a business idea—its workability, marketability, and profitability—and assessing the entrepreneur’s capabilities. The process of writing a start-up business plan helps guard against starting a business when the idea is unworkable because there is a shrinking market, is too costly, takes too many financial resources, has too many risks, cannot compete in the marketplace, or is simply not worth the time and effort.

The business plan

A business plan articulates the business concept, opportunities, entry strategy, management, the potential market, financial requirements, and growth strategies. It also identifies potential risks, problems, and trade-offs. It’s an excellent way to help evaluate the opportunity and guide start-up or growth. It measures to evaluate the business’s progress against its objectives. It is important the strategic plan involves all staff members since the successful attainment of strategic planning goals is directly linked to the involvement and commitment of all staff.

The marketing plan

The marketing plan is a detailed plan to reach the market being served by the business. The plan profiles the market's demographics, validates the demand for the product/service, evaluates competition, establishes pricing strategies, and outlines how the product/service will be communicated and promoted to that market to achieve sales. Distribution methods included in the plan tell how the product/service will get into the customer's hand. Consider the development of robust web integration, online sales and social media. The marketing plan includes sales projections and establishes milestones and success measurements.

The strategic plan

A strategic plan provides a framework to analyze the strengths and weaknesses of an ongoing business. It provides a specific strategic direction complete with mission and vision statements. Also included are strategic objectives and goals that guide and direct daily operating activities. A successful strategic plan will provide vision, focus, and results.

The operating plan

The operating plan is an action document the entrepreneur uses to coordinate the efforts of all phases of the business toward achieving the business's goals for the planning year. The plan outlines monthly activities for each business unit. It tells what the desired goals are and specifies the action steps required to meet them. Operation planning is directly linked to managing the business, providing feedback, and reevaluating the accuracy of the assumptions and the supporting rationale. The operating plan keeps the work flowing smoothly. ([See Continuity of Operation section below](#))

The financial plan

A business's financial success is measured in its ability to cover start-up costs, to achieve profitability, and to maintain cash flow. Designing a business that meets these criteria is a critical step in reaching financial goals. Financial statements that entrepreneurs must use include the balance sheet, the income statement and the cash flow report.

The exit plan

There are many opportunities to start new businesses and equally as many opportunities to cash out and realize the fruits of your labor. Regardless of which strategy is chosen, the entrepreneurs should consider the exit opportunities available. However, most entrepreneurs don't think about exiting the business. Creating an exit plan is an important but often overlooked strategy since it drives building value in a business. Knowing how and when you want to leave your business should influence planning at any stage.

Some Additional Considerations

Develop a Continuity of Operations plan and be prepared to execute through planning, telework and remote management and customer service practices to sustain business activities during periods of interrupted business service.

Technology plan

In today's information society, businesses must consider factors like protecting your business intellectual property. Consider how to reduce the risks of cyber threats in online commerce, remote customer service or telework by providing a series of trainings on the topics of cyber-security.

Entrepreneur's changing roles

The specific skills and abilities needed by the entrepreneur to effectively use these planning tools vary according to the business's current stage of growth. For example, the tasks facing the entrepreneur whose business is in rapid growth are far different from the tasks necessary to start a small business. During the beginning stages of business growth, the entrepreneur tends to be resistant to delegating and has difficulty with integrating decision-making among team members. As the business grows, the entrepreneur must be able to step back from the day-to-day operations and evaluate the business in a larger context. The entrepreneur must be ready for change and make decisions about what most likely will occur in a competitive global marketplace. In some cases, if the skills and management style of the entrepreneur do not change, the business may reach a point where it outgrows the entrepreneur.

ASSESSMENT TOOL 6

PLANNING FOR BUSINESS SUCCESS

The purpose of the entrepreneurial planning process assessment is to evaluate current planning systems and identify issues that have not been covered in the planning process. Those issues that are missing or below satisfactory should be completed or reworked in order to have a comprehensive plan.

Business planning process

Rate your process:	Don't have or don't need	Under consideration	Satisfactory	Excellent
The business has a formal process to identify business opportunities, potential risks, and pitfalls.				
Key management team members prepare appropriate sections of the business plan.				
Goals are written and systematically reviewed by key management team members.				
Success factors are tracked and measured against the business plan projections.				
All business planning documents are in place and can be easily updated.				
The planning process reduces uncertainty and manages continuous improvement.				

Review the table on pages 38-39 highlighting the entrepreneurial planning tools. Rate the quality of your existing planning processes in the last column by using the following rating scale:

Don't have or don't need, Under consideration, Satisfactory, or Excellent

Type of plan	Time frame	Goals	Content	Deliverables	Rating
Feasibility	Pre-business launch or when introducing new product and service lines.	Determine if a business idea is marketable and could be profitable. Ten to 20 page plan that analyzes the industry and forecasts potential. Identify areas of greatest threats and opportunities. Produce a written plan for further evaluation.	Executive summary. Management and organization. Product and service plan. Marketing plan. Financial plan. Appendix.	Written to determine if new opportunities and ideas are marketable and have profit potential. Identifies start-up costs and projects when breakeven will be attained. Includes sales projections for the next 12 to 36 months. States what the next step will be and includes a timeline.	
Business	Prior to launch or during growth stages. Review and evaluate at least quarterly.	Road map for operating the business. Evaluate every aspect of the new business to meet unforeseen challenges and opportunities. Develop planning skills necessary for launch and growth of the business. Address critical strategic questions. Force founder to consider and document every business facet for lenders and investors to review.	Executive summary. Management and organization. Product and service plan. Marketing plan. Operating and control systems. Financial plan. Appendix.	Is comprehensive, evaluates every aspect of the business, focuses on opportunities, and includes financial projections and pro formas. Identifies needed capital resources. Identifies fatal flaws and addresses how to overcome them. Is investor-ready, explains why the investment is attractive, and specifies potential risks. Is used as a guide to operate and evaluate the business. Goals are reviewed quarterly and progress is assessed.	
Marketing	Prior to launch or when introducing new product or service lines. Review monthly.	Evaluate market and demand. Segment target market and align product to the needs of that market. Validate price points. Identify distribution and sales channels. Strategic positioning.	Profile of target markets. Timelines and deliverables. Advertising and promotion. Competitive analysis. Distribution channels. Sales and service goals. Success measurements.	Identifies and quantifies who has the need for the product/service. Outlines action plans and tactics to get the product service into the hands of the customer. Creates a blueprint to follow that includes all marketing messages and sales activities. Establishes goals and accountability relating to sales and marketing efforts.	

Type of plan	Time frame	Goals	Content	Deliverables	Rating
Strategic	Post business launch. Review and evaluate semiannually.	Long-range plan. Develop competitive strategies for long-term growth and profitability. Identify opportunities and resources needed to offer the right products/services in specific geographic areas. Decide what business(es) the business is in over the next five years. Determine changes needed to reallocate resources and realign competitive market opportunities.	Vision statement. Mission statement. External conditions. Market evaluation. Internal evaluation. Implementation plan.	Includes a longer-range forecast for two to five years in the future. Contains a competitive growth strategy, and identifies new business opportunities and resources needed for expansion. Is reviewed and revised annually. All staff has input into the strategic plan. Changes in the revised strategic plan are shared with staff.	
Operating	Annually. Review and evaluate monthly or weekly.	Generate detailed, monthly action steps with timetables. Coordinate all management activities and efforts among the different organizational units. Provide a control and monitoring tool. Create peer-pressure management style. Facilitate a smooth transition among management. Shorten management meetings. Provide objective evaluation tools and performance information to the CEO.	CEO's resume. Organizational chart of key staff. Business goals with assumptions. Financial data. Departmental planning formats.	Details monthly action steps with timetables. Includes benchmarks that measure performance. Includes a contingency plan if projections are faulty. Evaluate and adjust action steps to reflect changes in the marketplace. Compensate staff based on goals achieved.	
Financial	Annually. Review and evaluate monthly.	Assess and monitor profitability. Accurately project sales, cost of sales and operating expenses. Project cash flows. Determine need for funding	Financial projections. Sales and expenses estimates.	Project revenues, costs of sales, gross profit margin.	
Exit	During business life cycle. Periodically review.	Determine exit plan and strategy. Sell to outsiders. Sell to family members. Management buyout. ESOP. Merger or acquisition. IPO. Close the business.	Select exit plan. Create a timeline. List strategic action steps to execute the exit plan.	Identify which exit option is selected. Outlines the deal structure and elaborates on what the stakeholders will receive. Contains a timeline with checkpoints. Includes action steps that measure progress.	

ASSESSMENT TOOL 7

BUSINESS COMPETENCIES

To be successful, entrepreneurs need a solid business foundation on which to build. It is critical for you to understand the key entrepreneurial management skills needed for success. This competencies exercise will help you assess business strengths and weaknesses and target areas for improvement. Listed below are the key indicators of entrepreneurial success. Rate your business for each competency by checking whether it is weak, in need of improvement, satisfactory, or excellent.

Any items that were scored weak or needs improvement in each category should be incorporated in the transition tactics in Step 4.

Rate your competencies:	Weak	Needs improvement	Satisfactory	Excellent
Entrepreneurial management competencies Leadership and vision Planning Communication Motivating others Goal-setting Coaching Team-building Decision-making Delegating Problem-solving Conflict management Negotiation Feedback Human resources management Listening				
Marketing competencies Market analysis Market research Target marketing Market penetration Sales management Competition analysis Customer service Pricing Distribution. New product planning				

ASSESSMENT TOOL 7 (CONTINUED) BUSINESS COMPETENCIES

Rate your competencies:	Weak	Needs improvement	Satisfactory	Excellent
Financial competencies Developing financial strategy Budgeting Cash flow management Financial forecasts Raising capital Establishing banking relationships Understanding financial documents Creating value				
Technology competencies Computer literate Word processing Spreadsheets Databases PowerPoint presentations E-commerce Internet Website E-mail				
Legal competencies Leases Contracts Employee agreements Human resources: local, state, federal regulations Intellectual property protection				
Operational competencies Systems management. Inventory control Quality control Credit and collection Cost analysis and control Manufacturing Production scheduling Purchasing				

Notes

Step 4

Transition Tactics

“None of the secrets of success will work unless you do.”

– *Fortune cookie*

Identifying the stages of growth in the business life cycle and areas of personal and business strengths, weaknesses, and competency is just the beginning. Now that assessments have been made, it is necessary to develop transition tactics to enhance skills, move the business forward, and achieve success. This last step—the transition plan—will help you identify specific tactics necessary to meet your three-year vision. You will walk out the door today knowing exactly what are the first, tangible, doable items to address.

In Step 4, you will:

- Establish the specific transition tactics needed to reach your vision.
- Create your personalized transition plan.

Developing transition tactics involves summarizing the results from the assessment tools and transitioning them into manageable action steps that can be accomplished, tracked, and measured.

Key Issue

Business transitions require entrepreneurs to change their management styles and leadership roles.

ACTION STEP 1

VISION SUMMARY

Summary of three years from today

Summarize where you want your business to be in three years.

Summary of current state of business

Summarize where your business is today.

ACTION STEP 2

TRANSITION TACTICS

Develop transition tactics by listing each goal. Then consider the action steps, cost, deadline, and responsible party for each goal.

Transition tactics for entrepreneurial management				
Date:				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				

Transition tactics for marketing One				
Date:				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				

ACTION STEP 2 (CONTINUED)

Transition tactics for financial				
Date:				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				

Transition tactics for computer technology				
Date:				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				

ACTION STEP 2 (CONTINUED) TRANSITION TACTICS

Transition tactics for legal				
Date:				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				

Transition tactics for operations				
Date:				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				
Goal	Action steps	Cost	Deadline	Responsible party
1.				
2.				
3.				

ACTION STEP 3

ACTIONS, INSIGHTS, AND RESOURCES

The goals and action steps identified in the Transition Tactics on pages 44–46 will help you move your business forward to your desired stage. One critical final action is needed—prioritize the goals you have listed and select three items for immediate action.

List three critical actions you can accomplish (or at least get started on) immediately:
1
2
3

Insights discovered

Record insights you have gained while spending time working on your business.

Resources found

Identify resources you have discovered that can assist you in reaching your business goals.

Notes

ACKNOWLEDGEMENT

FASTTRAC®

Kauffman FastTrac provides entry to the entrepreneurial ecosystem to support current and future business owners before, during and after the startup process. With their membership in Kauffman FastTrac, entrepreneurs receive the information, tools, resources and networks necessary to start and grow successful businesses. Kauffman FastTrac has assisted more than 300,000 entrepreneurs and was created by the Kauffman Foundation, the United States' largest foundation dedicated to the research and expansion of entrepreneurship. For more information on Kauffman FastTrac, go to www.fasttrac.org or call (877) 450-9800.

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