

35 Best Practice Tips for Planning Your Business

1. Develop a personal financial evaluation, determine your net worth and your annual, personal cash flow needs.
2. Examine your motives. Do you really have a passion for having your own business and this particular business?
3. Be willing to commit -- to the hours, to the disciplines, to the continuous learning, to the frustrations.
4. Understand that your primary responsibility is the proper use of capital and that you are in business to make a profit.
5. Clearly define your business idea -- be able to succinctly articulate it. What is your vision? What is your mission?
6. Test the economics of your product or service -- is it profitable, is the gross profit percent in line with that of the industry?
7. Determine who your customers are, and what their wants or needs are. How does your product or service satisfy their wants or needs? Target Market! What is your market niche?
8. How will people buy? How will you make your product or service available to them? Wholesale, retail, direct, Internet....why?
9. How will you finance your business? Visit lenders (banks) prior to seeking financing. Be a "gatherer" of information. Ask your lenders what they will want to see before you apply for a loan.
10. Conduct a competitive analysis in your market, including products, prices, promotions, advertising, distribution, quality, service, and be aware of the outside influences that effect your business. (External Executive Environment.)
11. Test the realism of your business -- Why will it work, can you make it work? Think your business through step by step.
12. Write a complete business plan (you write it). Include a complete financial and marketing plan.
13. Determine your primary business unit. Is it units sold, customers sold, average order, hours billed, etc.? Know what drives your business.
14. Develop meaningful sales forecasts in terms of basic business units. First few months by week, first year by month. Examine "what ifs" -- 10% lower, 10% higher, etc.
15. Develop realistic financial forecasts for income statements, cash flow, and balance sheets -- three years, first year should be by month.
16. Establish an annual operating plan, review it and update it monthly with appropriate employees.
17. Allow 3-4 hours every week for thinking and planning. Do not allow anything to interfere with this time. You run the business. Don't let it run you.
18. Carefully select your place of business. Review guidelines for locations based on type of business, customer convenience, traffic, safety, etc.
19. Develop profiles for your products/services, customers, and markets.

20. Do not commit cash or capital until necessary. Don't buy services before you need them. Lease instead of buy when possible. Conserve capital.
21. Carefully determine your inventory needs. Understand your re-supply situation. Don't overstock or get oversold by eager vendors.
22. Know and utilize your suppliers, including your banker. They can be a great source of training, information and support.
23. Select the proper business structure for your business. Consider taxes, liability, capital needs, costs, entry and exit. Know the benefits and drawbacks of your legal structure.
24. Seek help -- other small businesses, vendors, professionals, government agencies, employees, trade associations, trade shows. Be alert and ask. Visit your local SCORE office!
25. Advertising is expensive -- Know why you are advertising and what you want to accomplish. Make sure your ads obtain your objectives. Evaluate your advertising carefully and try to measure its effectiveness.
26. Develop appropriate sales promotion tools -- flyers, brochures, signs, etc. Carefully review each item -- what will it accomplish? What does it really say to consumers? What does it really say about your business or you?
27. Establish an accurate, timely, meaningful accounting and financial system to provide the reports and information to enable proper management of the business.
28. Maintain strict separation of personal and business accounts.
29. Employees are your most important assets. Hire the best, provide training and growth opportunities, and recognize good performance. Be positive and learn to be a proactive manager.
30. Examine your own skills carefully. What are your strengths and weaknesses? Hire to compliment your skills, not to duplicate.
31. Have a meaningful, concise, realistic job description for each employee. Don't hire without one. Make sure you review it with the employee and that it is understood.
32. Establish high standards of performance and morality. Be realistic and practical and communicate effectively. Be sure employees know what is expected of them.
33. Instill and practice the concept of continuous quality improvement and quality customer service in all activities and as a way of life in your business.
34. Study your business. Stay abreast of what's going on in your industry. Read newspapers, periodicals, trade journals, etc.
35. Get involved in your community. Chamber of Commerce, business organizations, service clubs, charities. Network yourself. Keep your antennae up.

GOOD LUCK!!

Written by Dick Benner
 SCORE, Chapter 19
 Kansas City, MO