Get Your Business In Order This Year

While passion and excitement often ignite a new business venture, what keeps that business running smoothly is attention to the everyday details. Every aspect of operating a business requires careful planning and execution — from inventory management and training staff, to customer service and marketing.

Finance and accounting in particular can be intimidating topics for entrepreneurs. Even if you’ve been successfully operating a business for years, handling the financial side often remains a challenge. Without a solid understanding of these key operational aspects, however, you could be putting the financial health of your new business at risk.

Making entrepreneurship easier. Fortunately, you don’t have to go it alone. I suggest that CEOs reach out for resources to help them. Finding a mentor is a great start, but then seek practical resources that can help you operate your business more efficiently. Your mentor can be a big help to finding these.

To that end, I will write a series of columns that will focus on various important topics for the success of the small business.

I will start this series with what I consider the fundamental cornerstone for a successful small business. A business plan is a vital tool often used for loan applications or to show investors where you see your business going. A complete business plan contains a number of components, including an executive summary, the products or services you will sell, your target markets, your management team, and finally, your financial plans. I always remind new CEOs, “Don’t launch your business without a business plan”.

There are at least 4 reasons you need a business plan. A good business plan guides you through each stage of starting and managing your business, and it outlines the steps you need to take to achieve your goals. Here’s how:

- A business plan maps the future. Your business plan is the road map that helps you understand the terrain of your business and the opportunities and threats that surround it. Depending on how detailed a map you want, you can include a competitive analysis, marketing strategy, milestones to success, national and local trends affecting your industry — anything you need to better manage your business. There is no hard and fast rule about the length, format or even the topics to include in your plan. Just start it and keep it moving forward.
- **A business plan supports growth and helps obtain funding.** A well-written business plan can convey your story to prospective investors in a way that builds their confidence and convinces them to open their wallets. To prepare a business plan that wins funders over, include realistic growth projections, the risks involved (and how you plan to mitigate them), and what makes your business unique.

- **A business plan develops and communicates your course of action.** Whether you’re starting a new business or growing an existing one, you have goals; your business plan is the tool to help accomplish them. If you’re interested in renting a new space, for example, your business plan can help you think through what you need before you make the move. Do your growth prospects and plans justify taking on this increased cost? Is the new space in an area where your target customers are? How will you pay for any necessary renovations?

- **A business plan helps manage cash flow.** Your cash flow is the blood that keeps the heart of your business pumping, so you need to have an adequate supply. Adding a cash flow chart to your financial section of your business plan will give you a high-level picture of the money going in and out of your business. This simple overview can help you manage your cash and be in a better position to borrow money, if necessary. You can also add a contingency plan to cover any cash flow problems that may arise.

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