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Key Word Tags	Adaptive Execution, Business Plans, Forecasting	

INTRODUCTION TO BUSINESS PLANS VERSUS PLANNING A BUSINESS

File No. 8.040301 | 2019-09-18

Quick Summary: Business Plans are a document while Planning a Business is an Activity.

Abstract:

Unfortunately, many entrepreneurs create a business plan and then seldom update it. Instead, it should be viewed as a living document regularly updated with current information that can help an entrepreneur understand why their past assumptions were incorrect and what the impacts on their plan may be. It should also contain planned responses for the identified contingencies that could occur.

The companion article is a PowerPoint™ presentation with the same name as this article. Each slide contains slide notes that use the standard PowerPoint Note capability. A separate PDF document that is a composite copy of all of the Notes is also available.

Paraphrased from the Introductory article in this chapter:

“What will become apparent when viewing this presentation is that the author has minimal artistic ability! Hopefully, the user can get past the “visual impairment” of the slides and focus on the content. The presentation is not a “sales” or “investor” slide show intended to “sell” the subject. Instead, it was created as an educational slide deck. As such, the “presentation rules” of lots of pretty pictures, 40-point font, and ten words per slide were not followed – not by a long-shot!”

This presentation highlights the typical difference between a Business Plan -- a document, and Running a Business – an activity. In many cases, entrepreneurs download a standard business plan template and diligently fill out the often minimal, available information. The document is then put on the shelf, seldom reviewed, and even less frequently updated. On the other hand, running a business is an ongoing activity that never ends.

Instead of treating the business plan as a one-time project, it is recommended that it become a living document that is reviewed and updated on a regular basis. It, therefore, will become a current repository for the most relevant information about the business. Aside from being a ready reference for others, its major value is to help the entrepreneur and others review their past assumptions, evaluate which were correct and incorrect, and modify their plans accordingly. It will provide a valuable method to help understand why changes are necessary.

The presentation also explains several topics that are typically omitted from “standard” business plans including:

- A section on What Could Go Wrong (and what to do about it).
- The notion that all businesses go through different stages, and revenue and costs need to be forecasted differently for each phase.
- Common reasons why businesses fail and what can be done to minimize the likelihood.
- Commonly missed expense items and considerations.

These items can be summarized as the need for Adaptive Execution and taking into account the fact that obstacles will occur on the way to success. The article 3.020402, “*Business Plans Are For You*,” also discusses some related issues.

The companion articles are:

8.040301.1 Business Plans versus Planning a Business Presentation.pptx

8.040301.2 Business Plans versus Planning a Business Presentation Notes.pdf