

I'm always amazed at how many businesses prepare a plan when they start up, but never refer to it again until a third party (such as a bank) asks for a copy as a condition of renewing or increasing credit facilities.

Most people know that doing some sort of business plan is a good idea, with 'fail to plan, plan to fail' often recited at business gatherings.

Yet a recent survey by one of the banks found that most businesses fail because of the combination of a lack of a well-developed business plan, and poor cashflow management skills.

A third reason for business failure is starting out with too little money. But a decent business plan would reveal the cash requirements for a business and avoid this situation.

In uncertain times, it is easy to get side-tracked by all the talk about economy and be paralysed into inaction. Whatever happens to the country's economy, if you want your estate agency business to do well, or perhaps just to survive, it is vital that you have a plan.

Your business plan is your blueprint for success – your route map for how to get from where you are now to where you want to be.

A well-thought out plan will force you to think about the future and the challenges you'll face, be they financial, marketing-related, management issues or in reaction to your competition. The plan will help you develop your overall strategy for coming out on top.

Estate agency owners are not unique in being so busy working IN the business that they fail to devote sufficient time to working ON the business.

Objectives

Many business owners have good intentions but are unsure how to go about putting a plan together. Is it a good idea to get external help or are you best trying to write it yourself?

My advice is by all means get some help, but don't let someone else completely write your business plan for you. It needs to be your plan for your business.

You don't have to share all the financial data with everybody, but do consider if your staff understand the objectives and what's important to your business. If they can see how to contribute to its success, then they are much more likely to work effectively.

Route map

Stuart Dey says that a business plan should be a working tool, not a document that is never taken out of a folder

This can really make a really big difference. Just think how your business would benefit if ideas from staff cut costs by 5% and increased turnover by 10%. So, get your staff involved in the planning process. As an estate agency, your people are your most valuable assets and their performance will be what determines your reputation in the future.

Compiling the plan

There are many sources of guidance, including www.businesslink.gov.uk, which has a lot of really practical advice. For those of you who want a summary, here's a very quick guide to the structure your business plan should take.

- An executive summary giving a synopsis of the whole plan. This should not be a description of the business and neither should it be an extended contents list
- Your business, its products and services
- Your markets and competitors
- Marketing and sales
- Your team's skills
- Your operations
- Financial forecasts.

Within these areas, a good plan will also cover your objectives for the business, what actions are needed, the resources you'll need, who is going to do what and when, and your business plan's review points (ie, when and how you're going to measure progress).

Once you've drafted your business plan, I do recommend getting someone with a healthy dose of scepticism to try and pull it apart.

This will help make the plan robust and should be a great guide for your future business health and growth. In particular, the person critiquing the plan should be looking out for what evidence there is in the plan to support the key assumptions made.

And just to elaborate on the financial sections of your business plan: these should include various scenarios of

projected turnover, margins and costs. This section of the plan is probably the most important one to review regularly – it's also easy to measure against actual business performance.

Best practice

Further best practice is to identify some key performance indicators for your business and monitor them continually, even daily. It's then sensible to have a proper review of actual performance versus planned performance in, say, a quick monthly review.

As well as this, schedule in time for a more in-depth review once a quarter. In these quarterly sessions, consider whether your plan needs updating. New opportunities may well have arisen and you might need to respond to them.

Arguably, in a recession or when coming out of one, it's even more important to have a decent plan. Why? Well, competition is tougher and the business environment harder on those who make mistakes.

Please don't let your business contribute to grim government statistics. Set aside time now to work on it. ■



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