

# The essential plan

Writing a business plan doesn't have to be a full-time job. **Interviewed by John Burnell**

**M**any new business ventures are launched with more enthusiasm than direction. Entrepreneurs who have figured out how to build a better widget or provide a superior service are so eager to bring their product to market they may overlook important aspects of running and growing the business. They may also be reluctant to take time away from starting the business to write a plan that outlines what the business will do and what will make it great.

The business world is full of anecdotes about great ideas that started on the back of a napkin. "Writing something down at all puts you ahead of the game for business planning," says accountant, Patrick T. Carney, CPA, a partner at Skoda, Minotti & Co., a Cleveland CPA, business, and financial advisory firm. "Getting people to write a plan down at all is a big step."

*Smart Business* talked to Carney about how to develop effective business plans without bogging down company leadership with excessive writing and revision requirements. He also explains how business plans play a major role in helping successful startups transition into sustainable businesses.

## If it isn't required to secure funding, why should companies or entrepreneurs write a business plan?

A plan helps you identify and minimize the risks involved with starting a business. When you write a plan, you have to think about all the resources, facilities, operations and staff you'll need to be successful.

When people think of a business plan, they think it's a book. It's not — it's a road map. It can be an outline. It doesn't have to be long or flowery. Things change, and the map can change with it. When you're busy dealing with change, it's good to have a plan you can go back to and review to see what you were trying to accomplish when you were so excited about starting the business in the first place.



**Patrick T. Carney, CPA**  
Partner  
Skoda, Minotti & Co.

## What's your response to those who say, 'I don't need to write it down, I know exactly what I want to do?'

You know what you want to do today. Six months from now, conditions may be different, and you may wonder how to deal with it. You can get so caught up in managing the business — especially a successful, growing business — that you can forget some of the small things you intended to do. I find it's often the small things that differentiate businesses and make them successful. So it's important to have a plan to look back at to see if you're doing the things that will make you successful.

## What are the essential elements of a business plan?

A lot of people think the plan is the financial projections, but those are really just a by-product of an overall plan. The plan should describe the market, which includes identifying the strengths and weaknesses of the competition and describing the potential customers and how you will reach them. The plan also

needs to outline operational aspects, including what resources are needed to deliver the product or service to customers and what staff is needed to perform these operations. When these items have been determined, then you're ready for your scorecard, which is the financial projection.

## Where are most plans commonly lacking?

Entrepreneurs often fail to write a plan at all. Or they just prepare the financial projections, but that's only one element of a business plan.

## Does a business plan have an ongoing role in the business after startup?

Yes; reviewing the business plan helps a startup transition into a successful, sustainable business. It's important to sit down and go through the plan when market conditions change, and even when things are going as expected.

Most new businesses expect to grow. Going back and periodically reviewing the plan can remind companies what is needed to accomplish this growth.

Many businesses end up failing because they've been too successful. They may not have enough financing or be set up to manage a larger, growing business. Since most businesses start out undercapitalized, growth can kill them if they're not prepared to pay for more material, inventory, labor, etc. If they have explored the possibility that they may need to increase their lines of credit or follow through with planned hiring, for example, they will be better equipped to handle what the economy throws at them.

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