

Business Planning 101: Do You Really Need a Business Plan? (Part 3 of 3)

By Valerie Young

Go to just about any small business start-up advisor, class, website, or book and they'll all tell you the same thing – before you do anything you must write a business plan.

Case in point: According to the Small Business Administration, "the importance of a comprehensive, thoughtful business plan cannot be overemphasized. Much hinges on it: outside funding, credit from suppliers, management of your operation and finances, promotion and marketing of your business, and achievement of your goals and objectives."



Chairman of First Business Bank in Los Angeles Robert Krummer, Jr. makes an even more dire warning: "The business plan is a necessity. If the person who wants to start a small business can't put a business plan together, he or she is in trouble."

Well Bob, if that's true, then I – and just about every established successful business owner I know – am in deep doo-doo. For better or worse, a Wells Fargo/Gallup Small Business Index study found that only 31 percent of small business owners surveyed started with a business plan.

I've run one kind of business or another since I was a 21 year old graduate student. In fact, facilitating workshops was one of the ways I paid my bills. Even during my eight year stint in the corporate world, I always had some venture going on the side. And, I've never had a business plan. Neither have friends, collaborators, and fellow entrepreneurs Barbara Sher and Barbara Winter.

Despite not having a business plan for the last twenty years Barbara Winter has somehow managed to publish a phenomenal newsletter called Winning Ways (ChangingCourse.com/winningways.htm). That makes Winning Ways the longest running small business newsletter in the country. Her book, *Making a Living Without a Job* is in its 17 reprinting. A popular speaker and seminar leader, Barbara's seminars regularly sell out.

Then there's Barbara Sher. A short list of Barbara's business accomplishments include writing half a dozen best-selling books, starring in her own special broadcast on public television stations nationwide, appearing on shows like Oprah, Good Morning America, and 60 Minutes, and recently hosting a sold-out workshop on a Greek Island. Barbara Sher doesn't have a business plan either.

Then there is me. I'm the only one among the three of us who hasn't written a traditionally published book – yet! But even without the benefit of being a published author, I have managed to attract over 23,000 subscribers, gotten my share of national and international coverage in publications like the Wall Street Journal, Kiplinger's, Entrepreneur, Self, Glamour (UK), The Sydney Morning Herald, the Globe & Mail, am currently training 23 people to become "outside the box" career consultants, and was recently invited to speak at a workshop for artists that includes an all expenses paid 7-day Caribbean cruise (all you artists, stay tuned for details in 2007). And I don't have a business plan.

If you buy into the banking chairman's thinking, all three of us are in trouble. Well, the way I see it, if this kind of success spells trouble, than sometimes a little trouble is just what an inspired entrepreneur is looking for!

Consider Your "Natural Work Style"

Sometimes not having a business plan is a function of one's natural work style. I can't speak for Barbara Sher or Barbara Winter, but knowing them both, I'd venture to guess

that like me, they are not big planners by nature. That's not to say that we don't know where we're going. We very much do. It's the difference between heading off on a vacation with a well-planned itinerary versus deciding what to do based on "how you feel once" you get there.

The same thing is true when running a business. Some people by nature prefer a structured, planned approach. Others prefer a more flexible, plan and adapt as you go approach. Guess which camp we're in?

This very newsletter is a good example of a more "spontaneous" approach to work. I often plan what to put in the newsletter anywhere from a week or two ahead of when it's going to go out. Sometimes I decide the day I sit down to write it. That's not to say I don't spend considerable time planning when planning is called for. It's that I'm perfectly fine changing my article if I think of a better idea, adjusting things mid-class, deciding to add a whole new chapter, or indeed changing the entire direction of the book if that's what's called for. Entrepreneurs tend to be idea people and idea people want to go where the ideas take them – not where the plan said they have to go.

You, on the other hand, may be just the opposite. If you published a newsletter you'd probably lay out an editorial calendar six months to a year in advance. It would make you utterly crazy to set off without the structure of a written plan. Having a logical system for managing various aspects of your work makes your work flow more smoothly and efficiently.

Taken to the extreme this need for discipline and control might be seen by some as, well, anal retentive. However, as the great J.C. Penney once said, "Only the disciplined are free." While a perfectly organized office and highly detailed business plan may appear rigid to others, to the disciplined person a certain level of organization and structure is actually freeing. That's because once a system or plan is in place, they no longer have to think about it!

Consider Your Business Type

Personal work style is only one consideration in whether or to the extent to which you have a business plan. The other has to do with the business itself. Just because Barbara Sher, Barbara Winter and I don't have formal business plans doesn't necessarily mean you shouldn't. If your business idea involves seeking outside funding in the form of a bank loan or investors, then naturally you will need to prepare a business plan.

On the other hand, the other reason none of us have business plans is because we all have pretty simple businesses. We show up to speak or do a workshop and receive a check from the event sponsor or the attendees. We sell a book or other information product and someone gives us their credit card or sends us a check and the money gets deposited in the bank.

When we buy something like a new computer or a plane ticket or a magazine subscription we get out our credit card or write a check. Then either we or the respective bookkeeper we pay \$25-\$35 an hour to come to our home office, records the expenses, and then files the receipts so we can write these off of our taxes.

This simplicity is very much by design. None of us wants to manage the complexity and the corresponding headaches of running an empire. We are what are known as "lifestyle entrepreneurs," meaning our businesses are an extension of our lives.

I first heard the term "lifestyle entrepreneur" when the public radio show, Marketplace did a segment on entrepreneurs who choose their business to fit their desired life. The series was based on a book called "Not Just a Living: The Complete Guide to Creating a Business That Gives You a Life" by Mark Hendricks. Clearly Barbara Sher, Barbara Winter and I are not alone. According to Hendricks a whopping 90% of people who become small business owners are seeking to make a living and have a life.

One of the sessions Barbara Sher conducted at the Making Dreams Happen (ChangingCourse.com/makingdreamshappen.htm) retreat was a small business workshop. In it she talked about her entrepreneur grandfather. A lot of immigrants, both then and now, turn to entrepreneurship either out of necessity or because they know it is a classic route to the American Dream. For Barbara's grandfather that meant driving around Detroit in a horse-drawn carriage collecting scrap metal to sell. Do you think he had a business plan? Of course not! The man had a carriage, a horse, and a strong work ethic.

When you think about it, little has changed since the turn of the century. Every minute of every day some small business owner in the so-called developing world "sets up shop." From their little stands they sell cups of hot tea, fruit, woven carpets, beaded shoes, or pottery. Others provide a service like shuttling people around town, shining shoes, or taking in laundry. And just like their more privileged counterparts in the developed world who operate tea shop tours in London, or import olive oil from Italy, or make designer lamps out of vintage shoes, they do so without the benefit of a business plan.

If your goal is to start a small self-sustaining business that does not require getting outside financing, renting space or expensive equipment, hiring a management team or otherwise involve a lot of complexity, then my advice is Keep it Simple. Do your homework, learn everything you can about your prospective clients or customers, become a life-long student of marketing, and make it your mission to provide excellent customer service. Now that's a plan.

If you do need or want a business plan, a friend raves about the Business Plan Pro software from Palo Alto. The vast majority of people can get by very nicely with the standard version. What I also like about this particular software is that it comes with 500 pre-written plans for popular businesses. My friend wanted to start a pet wellness center and found there was a similar template that had done a lot of the work for her. Plus they have a special eBay edition.

Or you can download a free business plan template (and lots of other helpful tools) at Score.org (SCORE.org/template_gallery.html). It doesn't have any of the bells and whistles that Business Plan Pro has but hey, it's free. (Interestingly enough, Business Plan Pro donated 400 copies of their software program to Score counselors.)

Even if you plan to run a pretty simple business or hate to plan, if this is what it takes to finally get that business idea out of your head and down on paper, then I'm all for business plans! Learn more at ChangingCourse.com/recommends/BusinessPlanPro

About the Author

Off the beaten path career counselor, Valerie Young, abandoned her corporate cubicle to become the Dreamer in Residence at ChangingCourse.com, offering free resources to help you discover your life mission and live it. An expert on the Imposter Syndrome, she's presented her How to Feel as Bright and Capable as Everyone Seems to Think You Are program to over 30,000 people.

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