Ongoing Business Plan - review

**SUMMARY KEYWORDS**

plan, numbers, banker, succession, perpetuate, outsider, strategies, annual, compare

**SPEAKERS**

Paul Adams, Carey Berger

**Carey Berger** 00:00

Hello, I'm Carey Berger. And,

**Paul Adams** 00:01

I'm Paul Adams.

**Carey Berger** 00:02

And we're The BSR Group, and this is the Crossroads program. Today we're going to talk about ongoing business plan. With that in mind, it's like okay, well, how does that fit into succession? What does that have to do with this topic? Well, it goes to this topic, because you don't have anything to succeed if you don't perpetuate or build that business in the first place. So, many people will look at succession as something you do at the end of the career, sort of a deathbed kind of pass off. That's not so effective. Let's talk about in the living sense, about trying to build and grow and perpetuate that business. And in that regard, business plans really matter.

**Paul Adams** 00:40

They really do. And from my experience, and I think Carey's as well, companies that tend to be the most successful are those that usually know where they're going. And one way you do this is with an annual business plan. Often, we'll call them strategic plans. But strategies generally are over a longer period of time. And we include that in a minute. But the annual business plan is simply taking a look at where the business is today. What's gone well, for over the last 12 months? What are the areas of most concern in the future? And then determining what those strategies should be based upon the past to build a plan for the new year. Typically, it's about a day, day and a half long process, you have people involved are your key individuals in the company. Generally, Carey, this is no, no hard rule, but fewer is better. So, I've had retailers in my case, say oh, can we bring 30 people? And I'll just say no. Because, first of all, you want the people who are there to participate. Often this kind of plan needs a facilitator. Many companies use outside facilitators simply because they'll get more conversation. And sometimes the leader might be a little bit more dominant. And all of a sudden, everything that the leader wants done in the future is being put on the board and everyone else in the room say yeah, that's great. You know? And in reality, they may not even agree, go ahead.

**Carey Berger** 02:18

Well, I'm putting it another way is, even if you said the exact same words, you could literally read from the same script, the words sound different coming from one person versus another. If you are the father, if you are the owner, if you are the boss, versus you are an outsider, those same words sound very different to the people that you're talking to. That's why an outsider often matters. One thing I like to compare and contrast is we taught a business plan, we think often of when we first started the business. Start from scratch. We're going to build this plan. We're going to show it to the bankers. It's going to go ahead and anticipate what we think is going to happen. It's the same plan for all intents and purposes. What happens is that when you first build your business plan, you're guessing. Now you've got real numbers, you've got reality to look at and then you started looking at Okay, instead of saying I might get this or I hope I get this, you say I had this, now what do I need to do to perpetuate or improve that or what could happen to distract from that? And so, it really is the same process, in many ways, that you started way back when you built your initial business plan with I'm going to be a store in this market, I'm going to have these kind of anticipated numbers, the things you took to your banker. By the way, these are also the things that your banker probably does want to know, if you're looking for an expansion on your line of credit or a chance to go ahead and build a new store. These are the kinds of things that help make them go Okay, I get it.

**Paul Adams** 03:41

Well, good for you. And when we say these things, generally they're three or four goal areas, where you'd literally establish some specific result areas. One is generally sales, another is operating margin, then you can pick other things dealing with people or whatever new stores, whatever it may be. But the point is, you know where you're going during the year, and you've built specific actions that may help you achieve those numbers. But if you don't have that, whatever the end result is, well, that's what we got. But the companies that have a clear idea of where they want to go and how they want to get there tend to succeed more.

**Carey Berger** 04:26

I like what you said there about an annual because in many ways, in the ideal world, I would literally want to see the numbers from second by second. That doesn't happen. But if you just give me a total number for the whole year, that's of no use to me. If you'd say oh for the year, we did this. So, our annua...l No, I need to at least see it by month. Because guess what? January is different than June in many markets. It can be very different. And so okay, well, we got this big event coming up. We do this every year. We've got this thing that happens in our community, we have to be... those sorts of things. Then, with that, looking at it over a course of a year, and a monthly basis, will give you a whole bunch of ideas of things you can do that can improve these little pieces that become the big piece.

**Paul Adams** 05:12

Yeah, and one thing that you probably want to look at today that hopefully we don't ever have to look at, again, is 2020. Because let's face it, in 2020 numbers were really distorted. Generally, for groceries, to the good. But if you come into 21, or 22, and you start comparing to 20, you might be very disappointed. So, go back to that last year that the numbers made sense, which is 2019. And begin to benchmark against a year like that rather than 2020. Just be glad you got what you did out of 2020, but that's not the best place to make your comparisons.

**Carey Berger** 05:47

Since this is being recorded for a long time to come, it'll be fascinating to have some of y'all come find us in 2030 and tell us about 2020. But anyhow, we digress, a business plan, an ongoing business plan. It doesn't just happen when you're trying to get the money from the banker. It happens now. And then you do it for yourself. Even if you're not asking for more money from the banker, than you're the banker. If you would give the bank the honor, the respect, the support to go ahead and tell them these things and don't show that to yourself, can't you go ahead and see, oh, I'm every bit as important as my banker. The same information he or she needed to have I need to have and that's what will help you to run your business.

**Paul Adams** 06:34

It even gives you a comfort level on how much you can grow. It's all there.

**Carey Berger** 06:38

Exactly. Well again, that's what we do here at the crossroads of business and family, and I am Carey Berger.

**Paul Adams** 06:44

And I'm Paul Adams.

**Carey Berger** 06:45

Thank you.