

Business Planning Aid

Description

An entrepreneur may have a pretty good idea of how to build the business, and good plans may be worked out in her/his head; but s/he may not be good in getting them down on paper. Yet that process is key to communicating the appeal of the business to potential financiers. Further, a well worked-out plan can be critical for a successful start-up and continuing, effective management.

Business planning assistance is fairly accessible in larger communities but not in smaller ones, mainly because it is not frequently enough sought out. Thus a CEDO (or a CEDO partner) might establish itself as a source for arranging for such help, even if they do not provide it themselves.

As important as the plan is, it cannot be the sole focus of a business development strategy for the CEDO. There are too many other potential services for business assistance that need to be considered. And business planning aid must be merely an integral part in the whole process.

Many Community Futures Development Corporations with their Business Development Centres specialize in offering many different services, including loans up to \$75,000. Some CFDCs take a strongly hands-on approach to helping clients prepare their plans and seek capital; others may restrict their technical assistance simply to explaining the workings of their own loan programs.

The oldest and one of the most successful CFDCs working with businesses is the CFDC of Central Island (Nanaimo, B.C.), which has taken as its focus the special needs entrepreneurs – women, youth, the disabled, long-unemployed, and the like. In the average month a business analyst here may receive 80 inquiries, of which perhaps 20 are further considered in detail, and then a selection of these eventually get help from the analyst and even members of the board of directors to work out a full business plan.

Although business planning is described here in terms of its relevance to potential entrepreneurs, the same elements are applicable in the planning done by CEDOs on their own business ideas for their own ventures. For example, Kitsaki Development Corporation, a CDC in Saskatchewan, systematically searches for business opportunities (usually in joint ventures), performs feasibility studies, and then produces a detailed business plan before investing their funds in the venture.

Benefits

In a locality where bank branches do not usually practice relationship banking, the banks will place more emphasis on the paperwork. So offering business planning assistance helps to facilitate the use of available financing mechanisms at such credit sources. And of course the CEDO in general wants local businesses to succeed, and good business planning is one way to help assure that. Again, the same requirements will attach to the CEDO's own business projects.

Major challenges

Just because the plan is on paper does not make it a useful tool for the entrepreneur. All too often, a consultant will write up a beautiful looking plan with all the cash flows, etc., but it means very little to the person who is going to be running the company. Ownership in the plan, as well as a full understanding of its limits and its potential pitfalls, is critical to getting any benefit out of it. The major challenge in reducing a plan to paper is to make sure that it matches the ideas and, yes, feelings of the business owner/manager. Business planning services have to create a close give-and-take with the entrepreneur and involve him/her (and any partners) in every element of the plan. The entrepreneur must have a full understanding of the details, especially in those parts where s/he may not have been the initial source of those details.

Some practical steps

1. Assess within the business creation priorities of the community whether technical assistance in business planning is a significant need. Interviews on this with bank loan officers as well as business people will be required.
2. Depending on the size of the market for such services, search out consultants or consultant groups who are readily accessible and willing to serve your community's entrepreneurs. Carefully check out references (prior clients and the banks that have reviewed those clients' plans).
3. Or if the local market justifies it, recruit a business specialist/planning advisor to join the CEDO staff and to offer other sorts of business assistance as well.
4. In short, make this very limited sort of technical assistance fit as a part of your broader system of aid to local businesses, as determined by your analysis of the local setting. And whenever the CEDO is itself involved in starting new businesses, the specialist will be able to serve the organization, as well as the individual local entrepreneurs.

Resource organizations & contacts

- Since ordinarily a CEDO will promote this service as part of a wider array of business support services, it may find help from the technical assistance organizations that serve CEDOs. Among these particularly are the Community Futures groups.
- Other organizations can be accessed through the Canadian CED Network (toll-free 877-202-2268).
- The Canada/BC Business Service Centre (800-667-2272) may also be helpful. Each of the four western provinces offer such a government one-stop site.

Publications

- Applying a perspective congenial to the CED approach is John Olsen, *The Business Builders Manual* (CCE Bookshop, toll-free 888-255-1922).
- An aid that has been widely used is Stewart E. Perry, *Developing a Business Venture: A Manual for Community Groups* (fax 617-497-7614); this includes a 28-page Appendix, “How to Prepare a Business Plan For Product or Service Ventures.”
- A fine presentation of planning with a focus on marketing is “Effective Promotion for Small Business” (Manitoba Women’s Enterprise Centre: 204-988-1860).