

Business, Strategic, Long Term Planning

Introduction to Business Planning ([Back to Table of Contents](#))

Introduction

A plan may be presented through a planning document but the business plan itself is **A Set of Management Decisions about What a Firm Will be Doing to be Successful.**

In its most basic form business planning is the process of deciding what a firm will do to achieve success and how it will do it. It helps provide a logical and rational sense of direction for a company. It also has internal and external uses. Internally it can improve performance by identifying both the strengths and weaknesses of the company's operation and potential or emerging problem areas. It should communicate to management and staff clear expectations regarding the company's performance and priorities and provide a solid base for measuring overall performance and that of individual units and managers. As new developments and opportunities arise a business plan provides a rational structure for evaluating the impact of the developments or opportunities on the operations and performance of the entire firm and on individual components.

Perhaps most important, a business plan and the process of developing it can be used to educate and motivate the key staff of a company. By analyzing past performance, evaluating the impact of trends and developments, and putting together action plans for the future, managers and other key staff tend to learn more about the total operation of the company and the relationship of their particular area of responsibility to the achievement of the firm's goals or success. This level of involvement and understanding almost always leads to increased commitment to achieving the company's goals and generates higher levels of motivation and excitement.

A business plan also has external uses with parties outside the firm. It can be used to educate outside parties like the bank or bonding company about objectives, structure and performance. This can be an important support for the financial and other non-financial information they receive. With this use in mind I have included a selling or complementary aspect to this draft which you may want to leave in or take out. I've tried to put in enough information so that an outsider could fully understand it and it contains the type of information and covers issues that sureties and bankers like to see.

I prefer a positive flavor and easy-to-read style so that key people in an organization can relate to the plan and feel a part of it. No matter what the size of the company or stage of development the real success lies in getting the key people to really pull together and get excited about what is right for the organization and their important role in it.

The reader should understand that the planning process is as important as the resultant plan. See below for additional information about the planning process and a sample