

or some, it's about raising capital. For others, it's charting a course or being organized. To many, it's an ongoing management tool. And yet, despite these varied and valid - uses, most businesses don't have a business plan.

In the dynamic and growing natural-stone industry, not having a business plan could leave you literally in the dust. If you're serious about managing your company into the future, creating a solid business plan is a very good idea, and probably less work than you imagined ... once you know the basics.

Is it worth the effort? Sure. It can make the difference between getting there and languishing behind. The writing process itself forces a certain view of your business, and

requires a deliberate, structured focus on key aspects of your business operation.

A business plan is a succinct summary describing your business, where it is now, where it's going, and how it's going to get there. It identifies products, services, markets, goals, strategies to attain them, problems faced, solutions available, organizational structure, and capital required.

A good plan is more than numbers and definitions. It's also a forum for vetting management ideas, goals, strategy, and policy, financial and otherwise. It's a medium for organizing and presenting information, and for effective decision-making. serves as a roadmap and timeline for business action.

Remember, it's your plan, not

someone else's, so it requires your active involvement and your facts.

So, what goes into a typical business plan?

- Executive Summary/ Mission – While this appears at the beginning of the plan, it's written after you've completed the other elements. Keep it to one or two pages.
- Service/Product Description Describe your product or service sufficiently to enable your reader to quickly grasp why your customers will want it.
- Market Analysis Marketing and sales strategies with an analysis of
- · Strategy and Implementation - Specific details of management responsibilities; includes budgets and dates, so results can be tracked.

- Company Description -History, ownership, management team and operations
- Financial Analysis Cash flow and profit-and-loss data for your company, presented in easy-to-follow tables.

Properly written, a business plan enables you to clarify business goals; understand your markets and competition; examine new developments, equipment, software and suppliers; test your grasp of the stone industry; and define strategies. A business plan's value is not just in the money it may help you raise; it also fosters new ideas and influences decisions that make an impact on the business.

While a quality presentation is important, it's only an aid for making the information understandable. Without substance, the presentation won't matter much.

SHOULD I HAVE ONE?

Every serious business owner interested in company growth, efficiencies, or market position should have a business plan. Whether it's ever shown to third parties or not, the process of doing the analysis and writing it is a valuable strategic learning curve for business owners and executives.

Just doing the research can hone your knowledge of the industry and your own company, which can make your management more-effective. It requires focus and attention to both detail and the big picture. Once you've committed yourself to the process, you'll find it rewarding and worth the time.

It's also very important because of the stone industry today; the business is growing, changing, and expanding dynamically. So are related opportunities, markets, and technologies. Stone sources, service providers, equipment manufacturers, and supply chains are all shifting and emerging.

The industry has been around for a long time, and things have been done the same way for decades. However, the emergence of the global economy and an increase in the rate of change in technology

conspire to unhinge those old ways and practices.

Businesses in a rapidly growing industry need to be prepared to take advantage of change as it occurs. Maintaining a current business plan is one good way of doing this: It enables focus and execution, and is an opportunity to closely and deliberately examine the various forces affecting your business, such as changing demand demographics for stone building products, or various costs of growth.

For example, consider the concept of identifying the machinery your business will require to perform well at increasing sales levels. Have machinery costs been increasing or decreasing? Are new generations of machines rendering your processes Are new machinery obsolete? sources improving the prospects of growth, or hampering them?

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And, when did you last closely examine the full range of material supply sources available to you, or made price and transport comparisons?
Writing or updating a business plan affords you a structured opportunity to address these details and compile critical management infor-mation. It also helps you avoid some

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common causes of business failure, like under-capitalization and lack of an adequate market. You'll find weak spots and discover other areas of potential. You'll also come to know your competitive environment.

WHO'LL USE IT?

Within your company, a business plan can be used by managers and owners as a roadmap and a performance-measurement tool. Out in the business community, a plan helps lenders, investors, potential partners, suppliers, and professional advisors to evaluate your company's future prospects-and-risk profile.

Making the right impression on the likely audience is critical. In the financial arena (bankers, investors, venture capitalists) the audience is fairly sophisticated, and they look at a lot of business plans. With little time, reviewers can't spend very long considering your plan. You need to both give them what they expect to see (without blending in too much), and give them something they don't expect to see. It's where a good, concise executive summary is critical.

Gathering relevant and reliable industry and market statistics is essential. There are many research resources available to you ... if you know where to find them. Trade publications, the U.S. Department of Commerce, industry trade associations, chambers of commerce, and online publications are good starting points.

We'll go in to detail about the industry statistics you'll need and where to find them in Part II of this article; here, we emphasize that knowing your industry, your market, and your competition is fundamental to the planning process.

The validity of the plan rests on your grasp of the relevant facts. Those you seek to persuade expect reliable information, and they will know if you don't have a handle on it.

Your financial information is equally critical, but will vary from plan to plan. The information you must include will depend on the purpose of your plan, your audience and

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what information is available. You'll need sufficient financial information to enable a reviewer to understand your financial performance history, your costs, product or service pricing, expected sales and assets.

The key to financial information is plausibility and credibility. You can't pull numbers out of the air and expect your management team or prospective lenders to take the data (or you) seriously. In Part II we'll

also address financial information essentials and presentation basics.

To improve your strength when presenting the plan, make sure it's complete. Doing so will enhance your bargaining position and give you more confidence. If your plan is incomplete, dull, boring, confusing or otherwise poorly written, it will be rejected out-of-hand and never get the attention you need.

All of the common elements are

essential for making informed judgments; and those accustomed to examining business plans expect to see them. If you don't have it all together before releasing it to your audience, you risk appearing unprepared or amateurish, or having a partial plan get stale while your audience moves on to other things.

HOW TO START?

Unfortunately, most plans are never written, because people don't take the first step. Yet, the busier you are ("I don't have time to write business plan"), the more you need a plan. For others, it's easy to get started but hard to finish. Many only write a plan when they have to (e.g., when a lender is demanding it). Researching and writing a plan under pressure is a bad idea.

It takes time, writing ability, and a commitment to the process. So first, set a realistic timetable. Give yourself the opportunity to reflect and revise. If you try to produce a worthy plan with inadequate time, the final product suffers.

If you don't think you have the time, bring in other people in your company. Break down who will do



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what. Delegate what you can't handle yourself. Set clear and practical goals, and assign responsibilities and deadlines.

Getting through the process of writing a business plan is not as complicated as it may appear. It's easily broken down into manageable, common-sense procedural steps. This way, the project doesn't get shelved for being overwhelming.

Second, identify clearly how your business will use the plan and the intended audience (aside from internal management). This is important, because it affects the content choices you make.

If you've never written a plan before, try to get a look at other stoneindustry plans. Familiarize yourself with the format, and gain an understanding of how the sections work together. Don't, however, read one that your buddy never finished or used; find one that's fairly current from a source who used it successfully.

Or, you can find business plan templates online, in books and elsewhere. Certain elements are essential and standard, but your plan must be carefully tailored to match your business purpose and audience.

Write your plan in a user-friendly



manner, so that your company can follow and implement it. Otherwise, its value is compromised. Clarity and understandability are key. Is it specific enough to foster action and measure results? Is it sufficiently realistic to encourage participation? Is it complete? Plans that don't address the essential elements won't be followed.

Your plan should be sufficiently detailed to enable monthly comparisons of plan vs. reality. With your plan as a standard or guidepost, actual changes in conditions can be measured and addressed prudently as they occur. This enables competent and timely updates of the plan, which is especially valuable as you continue to present the plan outside the company.

If you think a business plan is mainly a showcase for your knowledge and expertise, you're heading down the wrong track. Readers want you to get and stick to the point.

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Don't warble on about all your company's accomplishments, or what a great world it'll be when everyone has bought your product.

While the plan will help you sell others on the company, it's not a sales or PR piece. Financial forecasts must be tied to a solid factual foundation. You want the readers (and your company team) to take them seriously, not skeptically. Wildly optimistic forecasts tied only to an outside capital infusion won't get much attention. They'll just blend in with all the other bogus forecasts from far too many businesses.

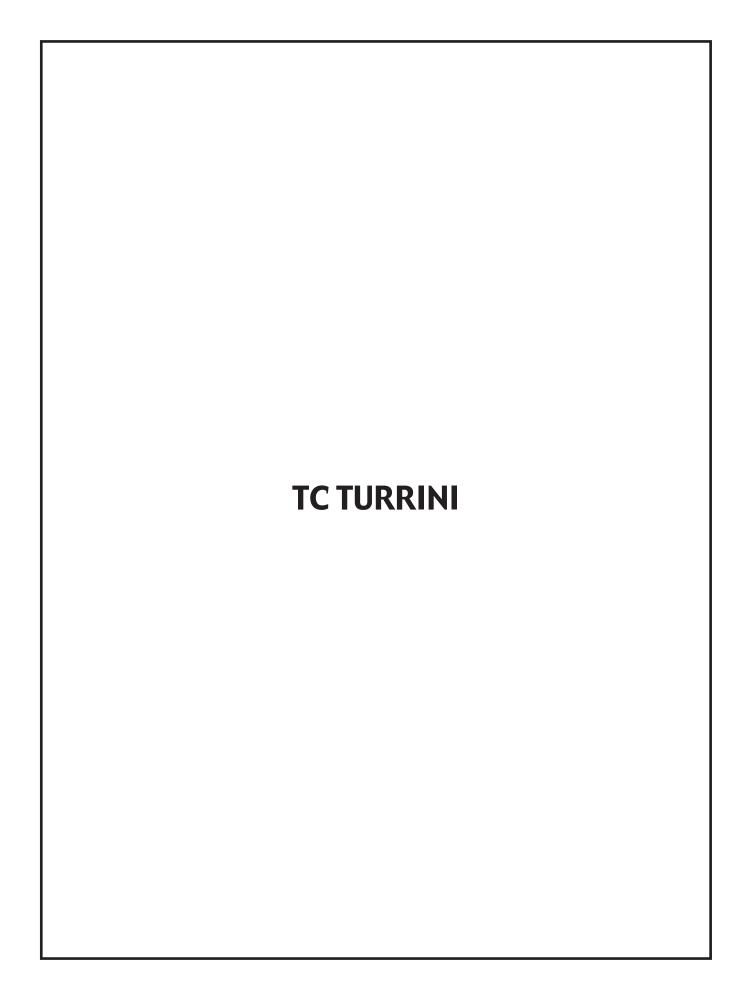
Several good business plan writing programs are available. These can be a good start for organizing your thoughts, but they won't write the plan for you. If you need a structure for assembling your data, these software products can lead you through various portions of the analysis.



Business Plan Pro by Palo Alto Software Inc. (www.paloalto.com) comes with many business plan templates, a manual for detailing essential plan elements, and software to aid in writing each section. While it can't do your research for you, it can help you figure out what questions to ask and where to find the answers.

The software (which I've used myself) is impressive; but, like all good tools, it requires serious effort on your part. You must invest time in understanding the software and its functionality, and getting through the extensive research and data compilation process.

You'll need to write certain segments. The templates offered can be quite good, but if you're not a good



writer or don't have necessary editorial time, your plan may end up looking like a zillion generics out there. You don't want to invest a lot of your time just to look like everyone else and be passed over by your audience.

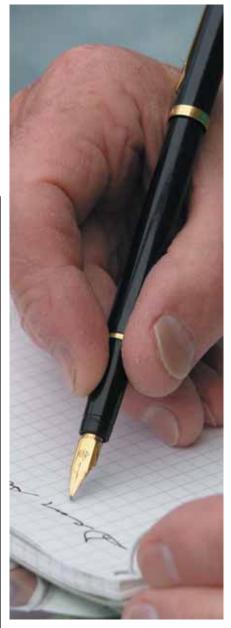
Your plan has to be long enough to make your point with thoroughness and clarity, and short enough to be read easily. It really depends on your business, your audience and what you're trying to accomplish.

Whatever method you use to write a plan, have it reviewed for content and writing style. In this way you'll raise questions, verify assumptions, check effectiveness, and illuminate the murkier aspects.

Next month, we'll review:

- the tools you need for conducting your market analysis;
- · how you gather industry and market statistics;
 - the essentials of financial





information and basics of presentation; and

• how to shop your plan and find the right audience.

A business plan is a good idea, worth the effort, and you can do it readily when you enlist the aid of these general rules and the resources noted nearby.

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