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## **TRAPS THAT KEEP YOU FROM AN AWESOME BUSINESS PLAN**

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**Anita Campbell:** Hi and welcome to the show. I am Anita Campbell, of course, and I am your host here at Small Business Trends Radio.

**Steve Rucinski:** I'm Steve Rucinski, today's co-host. Our show today is about traps that keep you from an awesome business plan. First let's here from our sponsor Infusionsoft who, as usual, has a great tip for us today. [Sponsor message]

Thank you Infusionsoft. Now let's get on with our show.

Are you struggling with the development of a business plan? Not sure where to begin? Well, chances are you are not alone. There are many challenges that business owners, CEOs, managers and entrepreneurs face when writing a business plan.

**Anita Campbell:** Well, our featured guest today actually is someone that I know, Greg Balanko-Dickson. He is an author and business coach and I am excited to have him here. He has been blogging for a long, long time now about business planning in addition to writing books on the subject. I know that he also does videos and all sorts of other content.

I came to know Greg through the whole blogosphere blogging world and have really enjoyed listening to his tips on video, watching what he writes and so on. I think he has a lot of great stuff to share with us today and particularly, we are going to spend a lot of time now on traps that actually keep you from that awesome business plan that you want.

So, welcome to the show, Greg!

**Greg Balanko-Dickson:** It is nice to catch up again and thanks for having me.

**Anita Campbell:** Glad to have you here.

Well, Greg why don't we start by having you tell us just a little bit about yourself? I know that you have been doing this now for a long time and you are actually a citizen of Canada. So, tell us a little bit about it.

**Greg Balanko-Dickson:** No problem. I am glad to do that. I am a third generation entrepreneur and I have been doing this business since 1990 and it has been a real learning experience. I

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have had the great opportunity working with close to 3,000 entrepreneurs and 34 industries now. It is amazing the things that you can learn from an entrepreneur.

I just have a real joy working with entrepreneurs and in helping them to achieve their dreams. I do that through a combination of coaching through my books and a new venture that I am starting up in February called the CEO Guild.

**Anita Campbell:** Ah, the CEO Guild, is that what you said?

**Greg Balanko-Dickson:** Correct.

**Anita Campbell:** Okay, what is that going to be?

**Greg Balanko-Dickson:** Well, it is going to be a place where CEOs can come and meet together, talk, have a pure to pure type of a support form. One of the things that I have been working on, for the past couple of years since I wrote my book on business planning, is researching. I did a couple pilot programs with clients of mine to help them to create more equilibrium in their business and in their lives.

What I have developed is an 8-phase process that, over a period of three years, can give a CEO and a business owner a lot of different options. So I am going to be in the process right now of writing a manifesto called 'Creating Equilibrium; The CEO Guide to Life and Business.'

**Anita Campbell:** That is very good because I think, unfortunately, being a small business CEO often means that you have to give up some of your life in order to grow your baby, your business.

**Greg Balanko-Dickson:** Right.

**Anita Campbell:** So, getting it all in balance would be great.

**Greg Balanko-Dickson:** Yes. It is exciting to work on it. It has been interesting to work with as I kind of had a live lab, with specific clients. I think it is amazing, especially today in light of where we are at worldwide with all the things that are going on in the economy. This is a real opportunity, I think, to really not only create equilibrium in terms of our work life balance. I think that the thing we are missing right now is equilibrium economically in business and the financial market.

So how do we, in this particular time in history, go about creating equilibrium? That is my focus these days.

**Anita Campbell:** Let's talk about what a business plan will actually do for a business and, perhaps, you can also tie it into that whole concept of creating equilibrium as well.

**Greg Balanko-Dickson:** You bet. You know a business plan should be a living, breathing document. I think that most people think of a business plan as something that happens when you are sitting with your banker and you are asking them for a loan.

They say, "Oh, yeah, great...that looks good." And the banker says, "Yeah, if you can put together a business plan and come on back in and we will put together a loan proposal." Their eyes kind of roll back into their head and they are thinking; "Oh my God, now I have to write a business plan."

Well that is why I wrote the book, 'Tips on Transferring an Effective Business Plan'. I have written numerous businesses plan myself and have helped my clients. Actually the reason why I started writing about business planning was because I created a guide to guide myself through the process to help my clients, when I was writing a business plan for them.

I decided that one of the things I found was that the clients that wrote it themselves were much more successful than the clients that had somebody write the plan for them. It is one thing to write your own plan and it is another thing to have somebody do it for you. If you have actually done the work, you have an intimate understanding of the concept.

So, why do you need a business plan? Well, obviously to get financing for your business; either to start a business or expand it. I think that probably the most underestimated use of the business plan is to be more organized and to increase your odds of success.

When I went through and created my book, I identified that you need to go through and to look at all the different areas of a business. If you really did the job well, you would probably touch on 486 different points in your business - 486 different touch points; from finance, to marketing, to sales, to managing human resources. It is a multifaceted job.

**Anita Campbell:** I did not realize that there were that many touch points in my business.

**Greg Balanko-Dickson:** Neither did I. There is a ton of them actually. At the same time, I know people are listening and thinking, "Oh my goodness, how in the world am I going to get all that work done?"

Well, it is about being methodical in it. You just start slowly and keep working on it. So, I guarantee you that if you take the time to write a business plan and if there was ever a time to write a business plan to get to know your business, to get to understand what is going on in the industry, what is happening in the market, what your customer needs, what your competition is doing, where there is an opportunity for products and services; now is the time.

I guarantee that if you take the time and invest in writing a business plan, you are going to have a much deeper understanding of your business, its strengths and weaknesses. Really you are going to have an action plan from moving forward.

The business plan shouldn't just be helping you write to the bank, I mean, you need to give them a document. They want to be assured that, you know, you can run the business. The reality is that before the credit crisis, the biggest part of the decision was your credit worthiness, after that, did you have experience in the business, do they think you can pull off what you say you are going to do.

**Anita Campbell:** Well, here is the dilemma with most of us. Even somebody like me, who writes a lot and maybe it is this way with you, who writes a lot as well, and that is being faced with preparing a business plan.

I mean, you are sitting there looking at a blank screen or a blank piece of paper, and it is like, where do I start? Even though I write a lot, you know I still have that reaction every time I am faced with writing a big thing like a business plan. So, where do you start?

**Greg Balanko-Dickson:** Well, actually the first place to start is with the industry analysis. When I set up the book; the order of the chapters are written in the order that you should do the business plan, not the order in which your business plan is assembled and presented. So the Executive Summary is something you write at the end to summarize your entire business plan. So the best place to start is with the industry analysis. The industry analysis is that external environment, the external factors. These are all the things that you have no control over.

So, for example, credit. I remember, you know not that long ago probably five or eight years ago, when the price of oil went up and I had clients in the trucking business. They were going like mad, but because of the rising cost of fuel, many trucking companies were having trouble making their loan payments on their trucks and their equipment. It was really hard to get a loan. There are all of these different external factors whether it is government regulation, whether it is the finance markets, whether it is the cost of doing business, whether it is competition, whether it is new technology being introduced in the industry.

Those are all things that you are going to have to respond to in some way. They are going to give you a context when you look at the industry analysis and then you look at your market when

you are going to be working locally. When you put those together, you are going to have a context and understanding of the external factors that are affecting your business. Then, we get into looking at your business description, the products and services that you are going to offer, and of course your finances.

**Anita Campbell:** Oh, that is really interesting, and I have some follow up questions.

First I want to clarify that the business book we are talking about here is, 'Tips and Traps for Writing an Effective Business Plan', is that right?

**Greg Balanko-Dickson:** That is right. That is the book I wrote for McGraw Hill. It is available at Amazon, Borders, Barnes and Noble, and also available at Chapters.

**Anita Campbell:** Okay. Good. So to get back to your point, now you've said to start with the industry analysis, even before you start with writing your business description. Now that is really interesting because I would have thought the first place to start is your business description.

**Greg Balanko-Dickson:** I guess the thing is, if there are external factors that are going to be impacting your business, wouldn't you want to look at that sooner than later? Wouldn't it give you more contexts for trying to describe your business? Because if you knew that there were major shifts house operating or for example, right now with the credit being tight, you know, would you not want to research that and have a better grasp, a better understanding of that and how that is going to affect your business?

For example, with the trucking I spoke of, when the fuel prices went so high, one of the things we did is that we were very careful to detail out his running cost per mile from the financial statements, his average revenue per mile. He could see clearly where the margins were and fiscally what we were going to be doing above contingencies for rising fuel costs. The way that we did that was we actually restructured the business to go lease operator, so it was the lease operator's job to absorb the fuel costs. So there it is again, one of those external factors.

Every business is linked with other businesses and other customers; we can't get away from that. We depend on one another, so we need to be really used to them in looking at, what is the context that I am operating with? How is that going to affect my business? How is that affecting my customer?

Based on what I have learned, maybe there is a new opportunity here, or maybe there is a road block over here that I want to deal with to get it out of the way. Because believe me, the bankers are going to be looking because they have the advantage.

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They probably won't tell you this, but in the trucking company, they know what is going on in the trucking company business because they get the financial statements on a regular basis. They run their own analysis and they compare your results to other businesses in the same industry, so you need to be in context. Does that make sense?

**Anita Campbell:** It does. Now, what if you have partners; whether they are true partners in the sense of having a partnership agreement, or whether they are business partners in a more general sense? Can a business plan help you with that? If so, how does it help you? You know, how can you make it help you to get your partners on your side?

**Greg Balanko-Dickson:** Exactly. Well I guess the thing is, that someone needs to take the leadership role. If that is you, then the other thing you want to be thinking about is how can I engage them, how can I make them part of the process.

So what I have done with my business plans in the past, we divvied up the job of writing the business plan between the partners. For example, if there is a partner that has strings on the operations of the finance side, that is the part of the business plans that they would work on. If the other partners may be stronger on the marketing and the sales side of it; then they would work on that part. Then what they do is they do their work independently and then they come together and read each other's work and it creates a discussion.

Then, you know, you are looking at the pieces of paper and the work that they did and you are critiquing the paper and what is on the paper, not the person. That is what it does. It eliminates and kind of segregates any kind of tension or any personal agendas because we are looking at the business plan. If you have a guide, like my book, you can follow that because you could say, "Well it says here that we should be doing this, let's talk about that". You can blame the book; you don't have to blame one another.

**Anita Campbell:** I see.

**Greg Balanko-Dickson:** You know, blame me.

**Anita Campbell:** Let's talk about the current economy here. You alluded to that earlier. You gave us one example of, you know, how to deal with that timely issue. Are there any other differences to writing a business plan during boom times versus down-turns?

**Greg Balanko-Dickson:** Well part of me is going to say yes and part of me is going to say no. Because the reality is that, you know, is if it is realistic. If your business plan is realistic for the

time that you are in, then that is all that matters. So the answer is yes, it is different.

If you are allowing the business plan in the process to guide you, you don't have to worry about that. Because the nature of the questions of going through and following a book, my book, or some other book, or some process of looking at your business, I mean literally if you go through the process of writing a business plan with my book you will have turned over every rock and you have looked under every sidewalk. You will have a much better understanding of the business and with that information then you are going to be able to respond.

So obviously, during times of great change also and for those that are focused it spells great opportunity. So if there is a shift that is going to happen in an industry, it is going to happen now. In fact, you know, all of the push towards Web 2.0 was a direct result of the down turn that we had in 2000. You had all of these programmers sitting around with nothing to do, with time on their hands, and what did they do? They got innovative.

So they key in this particular time is to not...you know, this is interesting. Actually as we speak, I have a crew in here, replacing the windows in my house. The other day, on Friday, they were here and the owner comes up to me, "So Greg, how is business?" "Oh, it is good, it is quiet but that is how I planned it, because I am relaunching and reengineering my business, so that is good". He goes on to tell me about where I live, how business has dropped 82%. "Citibank, you know, laid off 52,000 people the other day". By the time they left, I had a headache.

You know the thing is, all of those things, the news is just news. Those are all external things that we don't have any control over, except the microeconomics. Do you remember that post that Tim Barry did on your blog a while back?

**Anita Campbell:** Yes.

**Greg Balanko-Dickson:** He was talking about the microeconomics of businesses, what the little things that you do by focusing on your business; those small changes are the things that are going to turn your business around, not the things that are out there that you don't have control over. Focus on the things that you have control over. That is sort of the context of what I think is about creating equilibrium. That is what is in my manifest log I am going to be launching. It will set the stage for creating equilibrium, because it is a leadership issue.

**Anita Campbell:** Well, I would like to give my co-host, Steve, a little chance to ask some questions here. I know he is raising his hand. So Steve, let me turn it over to you.

**Steve Rucinski:** Thanks Anita. First Greg, I would like to go back to a couple of questions ago and let you know that it is all your fault that you volunteered to take that on anyway. Maybe

since we only have six minutes left, we were talking about traps. What other traps do you see people have in the way of being effective, you know getting an effective business plan, and what would you suggest that they might do about avoiding these traps?

**Greg Balanko-Dickson:** Sure, no problem. Well for example, do I need to include a financial plan in a business plan? I don't know anything about finance. You know one of the traps is, as I have seen people present business plans without any financials in it. Well, that's not a business plan. That's a report. Because everything in a business gets translated back into the business, everything can be tracked to the money that comes in and the money that goes out.

The biggest trap I see is people trying to short shrift and get it done without really taking the time to do a thorough job. The other one is, well, it seems like a lot of work. "Can't I get by with something simpler and brief?" "I saw this thing about the one page business plan." Well, you might be able to get away with it but the best way to know your business is to write a business plan.

Because writing a business plan is like going to school for your business.

**Steve Rucinski:** Yes, you mention time. Is there any way to determine what time should be spent?

**Greg Balanko-Dickson:** I have, personally, spent between 50 and 300 hours on business plans.

**Steve Rucinski:** OK

**Greg Balanko-Dickson:** In my book, actually, I have a whole chapter set aside about how to write a business plan in 30 days. Now, you know, you can work everyday for 30 days or half days or two hours a day or two hours a week. That type of thing. You can get it done in 30 calendar days if you're going to take the time to really invest in the business and look at every aspect of your business.

The thing is, if you think about it and actually spent that much time working and writing a business plan, I challenge you. I'll offer to anybody here that spends 50 to 300 hours in a business plan, if they don't feel that they know their business better than they did when they started, give me a call and I'll help them with their plan. Because I don't think you can go through the process in that time and not know your business deeper. To have a greater grasp of the challenges that you're facing and the actual things you need to do.

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So with that context I know that any entrepreneur, any CEO, any executive would be much more effective with that information than to not have any information. Does that answer or help at all?

**Steve Rucinski:** Yes, thank you. You mentioned a couple, let's say I do want my own experience, you know, the more you do, the better you get. But, how often do you revisit your plan? Is there some regularity with that?

**Greg Balanko-Dickson:** Well, that's interesting. Let me give you some research that tells us what people actually do and then we'll talk about what we should do.

**Steve Rucinski:** OK

**Greg Balanko-Dickson:** I don't have the study in front of me but the information is in my book. The study was done in the U.S. and Canada and they compared the business plans of successful companies and bankrupt companies. What they found is that each of them had similar business plans. Except the companies that failed either didn't have an actual projection in their business plan or if they had financial projections, never looked at them.

**Steve Rucinski:** Hmm...

**Greg Balanko-Dickson:** The successful companies had business plans with financial projections and they revisited it on a regular basis and made adjustments accordingly. So, what should you do? I mean the specifics . . . this is research that was done with true banks and true trustees so the information is solid.

So writing a business plan, getting it to your banker, sticking it in the drawer, you're going to get the financing but you're not getting the real benefit. The real payoff is the leap that happens in your mind, in the understanding of your business and the greater understanding of the context is going to allow you to innovate, to respond to the market better, to be more competitive and it just makes a much stronger company.

**Steve Rucinski:** I think trying to have a business without a business plan is like trying to make a cake without a recipe.

**Greg Balanko-Dickson:** Absolutely.

**Steve Rucinski:** Never made one before. I mean how would you do it?

**Greg Balanko-Dickson:** Yes, I mean it's like driving without a road map. It's funny, you know I was on a trip this summer and drove into the country. I had been to this area before but I hadn't been there at night time. I got all turned around. I didn't know where I was.

The next morning, I had to get my GPS out to figure out where I was, where I was going to go, because I was so confused. So, you know, your business plan is like your GPS unit. You tell it which direction you want to go and it's going to recommend the best route.

**Steve Rucinski:** Greg, where can people find out more about you on the web?

**Greg Balanko-Dickson:** CEOguild.com. c-e-o-g-u-i-l-d dot com

**Steve Rucinski:** Thanks, Greg.

**Anita Campbell:** Well, thank you so much, author and business coach, Greg Balanko-Dickson. We really appreciate you joining us today.

**Greg Balanko-Dickson:** Well thank you for being so generous with your time and I wish you much success. Thanks very much.

**Anita Campbell:** You've just heard another in-depth, entrepreneurial interview on Small Business Trends Radio and I want to thank you very much for listening. You can find archives of this show and others on the web at [SMBTrendWire.com](http://SMBTrendWire.com).

Please join us next week, same time, and same place. We're on Tuesdays at 1:30 PM East Coast U.S. time. So until next week, I'm your host, Anita Campbell.

**Steve Rucinski:** And I am your co-host, Steve Rucinski, and that's a wrap.

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