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Planning and Problems Your Business Should Have

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We do not normally think of problems as something we want to have, but sometimes looking at an issue from the other side spurs valuable thought. Spring is on its way in the upper mid-west bringing the promise of longer days and a new season of life. Through asking questions about planning and problems, one can accurately assess business position as well as progress. Often, asking the right question is more important than the answer because it is the thought process that is most valuable.

The five “P’s” of successful business planners

In business planning, all too often we focus only on the numbers and fail to place equal value on some of the non-financial factors. There are five elements, or what I call the five “P’s,” to include in any successful business plan. After all, success requires planning.

The first element is about paradigms shifts and changing direction. Do your conversations with peers and others center around profitability, or on production and operations? Actually, all three components must be considered. Sustainable business growth requires a replicable, systematic process in which profits, production and operations are each included. In regards to paradigm shifts, are you receptive to new innovation and technology? Do you place a high priority on surrounding yourself with thought leaders? These are important questions to ask in the planning process.

Second, successful business planners know the importance of people in the business equation. Is your business a magnet that attracts and retains high-quality individuals, both inside and outside the business? If not, consider the culture you create and cultivate. Do people enjoy working with the business? Are the people inside the business allowed to grow and enhance their abilities through training and development?



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Successful businesses are operated by planners. Often, the planner already has business history, mission and core values for the business in writing. In addition, they usually have written goals, strategies and actions outlined within various timelines. The successful planner will link record systems with production, marketing, and financial performance in a manner that can quickly be evaluated. Additionally, successful planners delegate responsibilities. In short, a good planner can be easily measured by the performance of the business during his or her extended absence.

Next, successful planners look for symptoms of a problem. They also monitor for factors that may become problems. Good planners take responsibility for their decisions and actions. Most importantly, they do not repeat the same mistakes. Always keep looking forward.

Finally, one of the biggest components in successful planning is being proactive. Good planners anticipate issues, take action, and accept the consequences, if necessary. Overall, they look for ways to increase productivity and efficiency which most often leads to profitability.

Problems you want your business to have

This twist on positives for your business may give you some points to ponder in the tractor this spring. Do you pay income taxes? While the tax bill is not welcomed, very few businesses that pay income taxes are unsuccessful. Many businesses utilize a tax minimization strategy by making investments that increase overhead cost and reduce efficiency. Remember, a balanced approach is necessary for long-term sustainability.

Does your business have idle cash in the bank? With today's volatility, 10 to 20 percent of your current assets should be in cash. Cash offers you maximum flexibility. Sufficient liquidity protects against the need to sell assets, often at prices well below current value. Cash also allows the flexibility to make investments when prices are decreased, delivering a real value. Often, many vendors will offer some type of discount for cash payments which over time, can amount to significant margins.

In your marketing and risk management program, are you leaving money on the table? Yes, the highest price or the lowest cost may give bragging rights at the local coffee shop, but the real value is in a sustainable, repeatable, marketing and risk management program. A good problem to have is to know your cost of production, and profit thresholds and then, execute a plan that consistently delivers sustainable profit.



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Do you feel like there is always more to learn? Well, that is a good thing! In today's knowledge-based economy, continuing education is essential. I recommend spending at least 5 percent of your time in networking and educational programs. Some individuals invest up to 1 percent of their revenue in education for employees and management. As you look out over the fields this spring, realize that your financial and mental net worth is directly correlated to the network of people with which you associate.

Another problem you should have is a futuristic view. Can you send your family members away from the business for multiple years to gain experience without disrupting operations? Do you have job description and even possible probation period prepared for their return? Does your business have processes in place to fire family members without business repercussions? In agriculture, family plays an important role in the business. Do not avoid planning for problems.

Finally, have you simulated the "drop dead" exercise? Specifically, if an individual significant to your business, either inside or outside, suddenly dies or is disabled, will your business continue and how? Contingency plans may not be comfortable to discuss but they are vitally important to your business sustainability. Often, outlining business procedures in case of a tragic event can save the business.

In closing, I wish you success and good health during your spring work and beyond. As you plan, remember to take the time for renewal of the business, your family and your own personal life. Problems are not always bad things and asking questions most often leads to improvement. Enjoy those beautiful long summer days in the upper Midwest and good luck!



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