



*Our mission is to provide information and strategies to business owners and managers for improvement in the effectiveness of its business management so that key objectives can be realized.*

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## Where Will Your Business be in Five Years?

Most everyone working in any type of business hardly has time to set goals and objectives, let alone do any short-term daily planning. Walking into the office with a preset list of daily "to-do" items will surely go to the bottom of the in-box within a matter of minutes. And, in the long-term, matching quantifiable outcomes with goals and objectives just isn't part of reality. Or is it?

An increasingly demanding marketplace coupled with the need to get more done prevents some from planning, setting business goals and measuring outcome. Yet other business owners make time for this critical process. These entrepreneurs have experienced, firsthand, how applied business projections can turn dreams into currency.

The need to plan for the future of your business dates back to the Stone Age. As elementary as it may seem, cave men who hunted for food found they could not transport much on their backs or in their hands, so they planned for the future by inventing the wheel. Once a vehicle to carry food was available, the goal was achieved, and life was much sweeter.

Our business environment isn't much different. We realize an end result through a goal- and objective-setting process. For example, your goal might be to increase business in 2002 by 10 percent. How are you going to get there? What's keeping you from reaching that mark now? Asking the right questions generates the critical information you need to turn action into results. Even more important is accessing the data needed to set your goals. If you've never attempted this kind of planning before, you aren't alone. Properly executed, this type of planning can significantly impact a business, but most entrepreneurs aren't sure what to focus on, so they focus on what is urgent. Often, though, what is urgent is not a priority in the lifespan of your business.

It's much easier to begin the process by thinking of the task in small, easily reachable segments. Following a streamlined, eight-step approach to planning keeps you focused. Even though you may already have taken on some of these points and begun the planning process, revisit them for a fresh perspective.

1. **Make sure you are looking at the right numbers.** If you are looking at financial statements, you may be looking at what we call lagging indicators. These numbers tell you what has already passed. What transforms action into measurable results is setting goals based on leading indicators – specific measures that give you a real-time snapshot of areas within your business. This gives you the power to make changes now rather than later. Often, what seems to be the area of concern is actually a symptomatic sign of another area that needs attention.
2. **Assess the company's strengths and weaknesses.** Even the most advanced, revenue-generating businesses can benefit from assessing strengths and weaknesses. Gather your teams and create! First, you'll quickly realize you have as many weaknesses as you have strengths. Second, if the group is given creative freedom without pressures of being watched by the boss, you'll receive honest feedback.
3. **Conduct a thorough market segment analysis.** Who are you trying to reach? The same customer or client you had just a few years ago may have morphed into someone completely different. Perhaps you're going after an audience that no longer has a need for your services. Consider generational differences (Gen-X, Baby Boomers), demographics (age, race, gender) and any other indicators that match your company's mission.

## Where Will Your Business be in Five Years? (cont.)

- 4. Analyze competitors. You can't begin to make any headway without determining your competition.** The answers "we don't have any" and "we are the only ones who provide this niche of services" isn't viable. Everyone has competitors; yet, they may not be apparent at first glance. If you can't come up with a short list, talk to your customers or clients and ask their opinions. Chances are they'll tell you who the competition is, but more importantly, they'll tell you why you're different than the competition.
- 5. Create company goals and objectives.** This task may very well be the most fun, but again, be careful not to be too aggressive with your goals and objectives. It's far better to concentrate on two to three specific items that can be accomplished, rather than a long, complicated list that sets the company up for failure. Of course, setting simple goals that don't challenge your team won't yield the results you truly desire.
- 6. Formulate strategic options and select the appropriate strategies.** What are your options on reaching your goals and objectives? How are you going to organize your teams to accomplish your end result? Weigh factors like budget, people and staff time when planning your strategies. If you plan for 10 percent growth, what are your options – do you have the staff, money and time to reach this goal?
- 7. Translate strategic plans into action plans.** This is the most creative step in the entire process because of the progression involved in coming up with action plans. The most productive meetings with the best outcomes come from dynamic, group sessions in which everyone offers their suggestions. Most companies are amazed at the creative knowledge inherent within employees during this stage.
- 8. Establish accurate controls.** As in any business, controlling expenses and resources is paramount to any process. You can't sell the farm if the farm isn't for sale! Be sure to outline during the action plan stage just exactly how much the company is willing to commit to the effort, and attempt to stick to that whenever possible. Of course, there will be some deviation, but more likely than not, a well-defined set of controls will go a long way to ensuring goals are met in a timely, cost-effective and efficient fashion.

In addition to these eight steps, companies must evaluate the effectiveness of its plans throughout the process. Assessments must be reviewed and thoroughly analyzed to determine what's working and what needs to be changed. You won't want to wait a whole year, for example, to rethink your goals. Plan a mid-year review.

In five years, where do you want to be? What does your company look like? Put the incremental plan in place that will get you there and stick with it until you reach your destination. Business performance is key to realizing company objectives. Give us a call so we can help put you on the fast track toward reaching your goals.