

## Operational Business Planning vs Strategic Business Planning

I'm confident that anyone contemplating beginning the process of starting up a business of any nature, will have (hopefully) become very aware of the need for a Formal Business Plan to at least outline their strategy and researched results on the potentially available market they might capture, with the resources and strategy they will bring to bear to achieve same.

If you haven't, then you are possibly increasing your potential to fail by a large factor, which if you think about it (I'm sure you will agree), actually flies in the face of commercial logic...and should make even you rethink your own suitability to enter a business of your own yet.

I know this might sound a little harsh but frankly, why shouldn't it?

Anyone planning to go into business that doesn't at least map out a core Business Plan on what information they can uncover, what the competition are up to, where the best opportunities sit and how they will go about capturing part of the market, really needs to consider that perhaps not being bothered to put in the groundwork on this important preparation work, may also not be prepared to deal with other tough issues later on.

However, at the end of the day this is a personal choice and the risks remain on those same shoulders.

Either way, if we assume there is a Formal Business Plan to initiate your new project, at this stage it is in effect a Strategic Business Plan, simply because it will deal with your entire strategy. It will also thus be quite suitable for use in raising funds should that be required as that also would be a part of any strategy plan to begin your particular business.

Of course, I fully recognize that creating these Plans for the first time can be a rather perplexing and arduous task, which is actually why I set up a simple example Strategic Business Plan in my book (the link is below) so you could appreciate they really aren't that bad once you sort yourself out and get the data together. There are also a lot of support acts available.

However, there is also another type of Business Plan that's an Operational or Functional Business Plan, and the purpose of this type of plan is to allow you to get to grips with the various departments that any business will need to attend to at some stage in their future. It is worth creating.

Below you can see that I have set an example of an Operational Business Plan so you can understand that it's simply a tool to let you recognize and

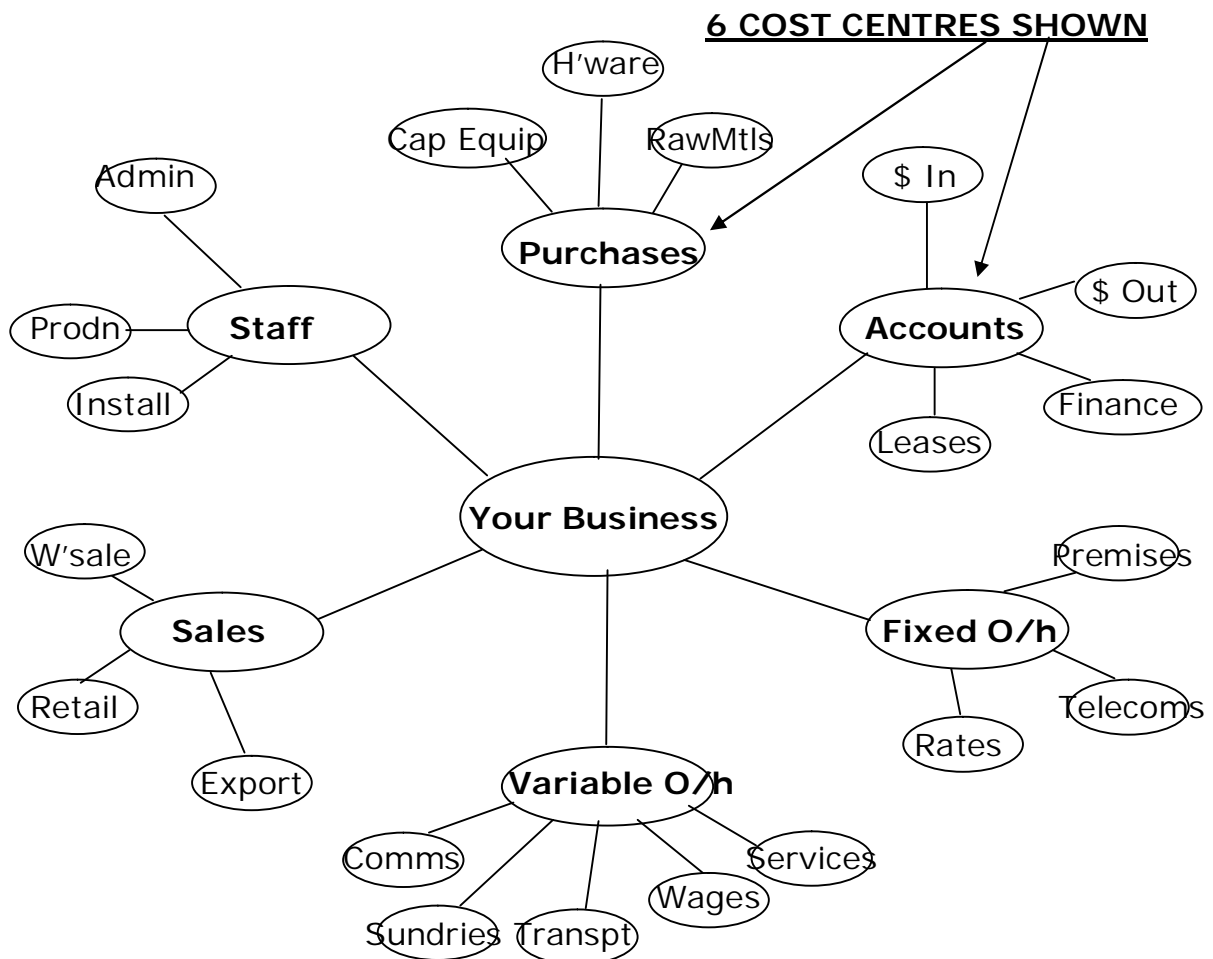
categorise each and every area that will impact your Business at some stage, and to over time receive your entire focus, one section at a time.

The value of the Operational Business Plan is to enable cost understanding and hopefully some feel for profitable and non-profitable departments. This plan also keeps you cognizant of relationships between departments as you grow. I always found them to be fairly useful just for keeping myself alert to cost and profit makers, as eventually this type of Operational Plan can be utilized to make every sector its own profit centre under 'accountability' rules. (every department is accountable for its costs and profits...and must become an independent profit centre)

The standing joke is of course that the 'accounts payable' department is never profitable and should be immediately closed.

An Operational Business Plan structure.

Make every section an independent cost-centre and improve results.



Generate as detailed a 'department' break-down as suits your needs. This Operational Plan is obviously not intended for long term management

purposes because as you establish you will doubtless utilize a suitable accountancy package to keep these relationships efficient, but in the business planning stage it is useful to undertake the work of entering these sorts of relationships into a spread-sheet format, which will keep you focused on creating sensible efficiencies in your business activities. I feel this sort of visual representation can assist in comprehension and learning skills for those new to setting up their own first business.

For you to ponder:

### **The Illogical Logic of Failure**

If you go about your life believing deep down that you are not worthy to be where you're aiming, or that you will probably not succeed, the great contradiction in life is that **you will succeed.**

**You will indeed succeed in your deep belief that you will fail!**

Think about it.

It is not what you want that will come to be, but what you truly believe you can achieve, that comes about.

**Nathan Howard** is a Business Entrepreneur, consultant and mentor with over 30 years experience at starting and running successful businesses. He has developed a unique step by step process for commercial success that will take any new or established venture to the next level. To begin the journey to taking control of your own future, visit [With Your Success In Mind](#) for more information on [Starting A Business](#).