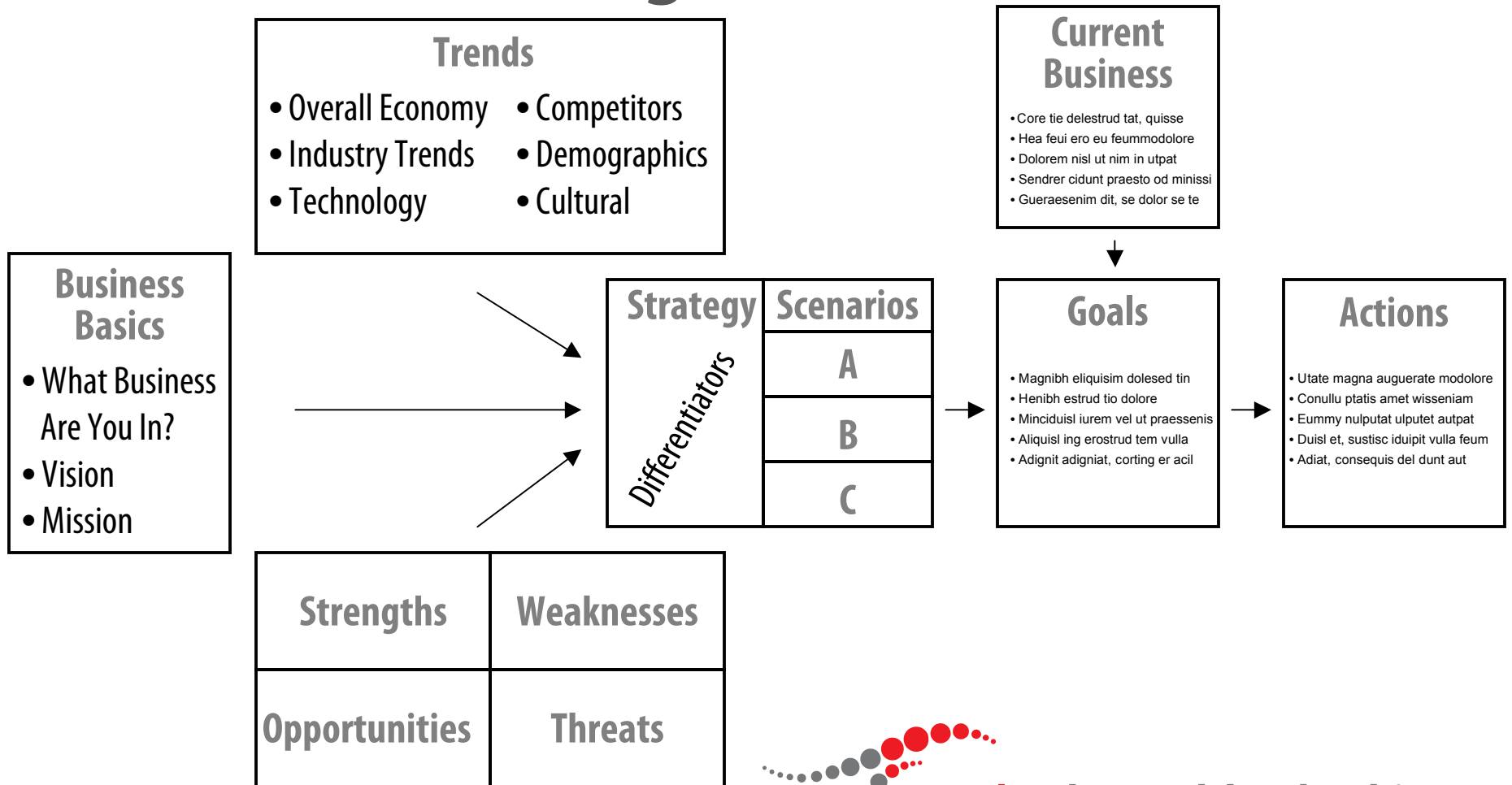


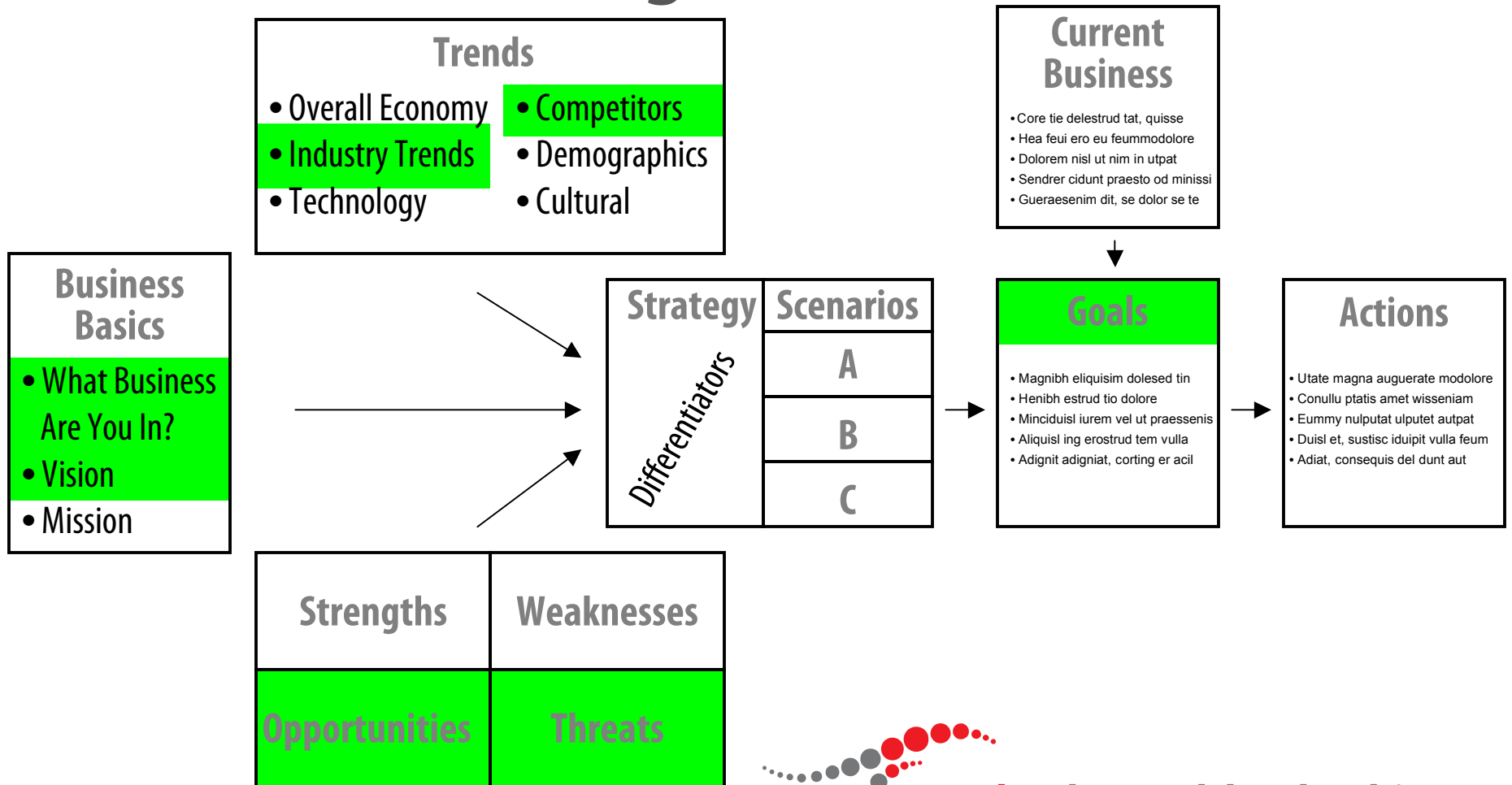
# Business Planning



**turbocharged leadership**

© pranapower, llc

# Business Planning



**turbocharged leadership**

© pranapower, llc



Joel A. DiGirolamo, BSEE, MBA, MS Psychology

# Vision & Goals 2010



© pranapower, llc

## Agenda

**What Business Are You In?**

**Vision**

**Industry Trends**

**Competitors**

**Opportunities**

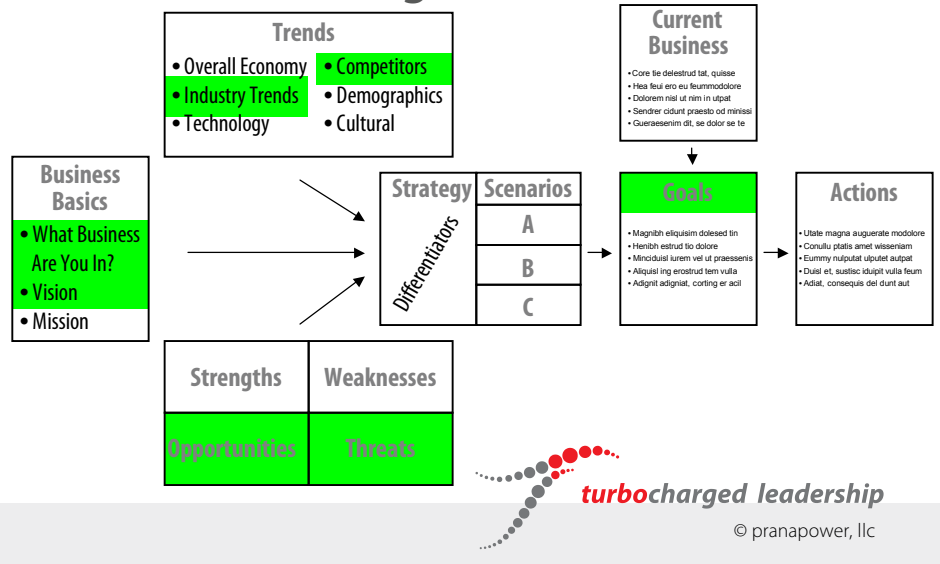
**Threats**

**Goals**



© pranapower, llc

## Business Planning



## Question

What Business Do Your Customers Think You Are In?

## Need for Vision

**Builds an Identity for You and Your Organization**

**Strong Motivator**

- "The real art of leadership is creating a world that everyone wants to belong to."

**Significant Component of Charismatic Leadership**



## Vision

**Realistic, Attainable**

**What Would be Personally Satisfying to You?**

**Stretch**

**Concrete**

**If You're Not Growing, You're Dying**



**“For every threat there is an  
equal and opposite opportunity.”**

**“How can you turn a  
weakness into a strength?”**



## **Keeping the Goal in Mind**

**A High Performing Organization**

**What Do You Want Your Business to Look Like on December  
31, 2010?**

**What Do You Want Your Business to Look Like in 2 Years?**



## Need For Goals

**Research is Overwhelming - Existence of Hard, Specific Goals Improves Performance**

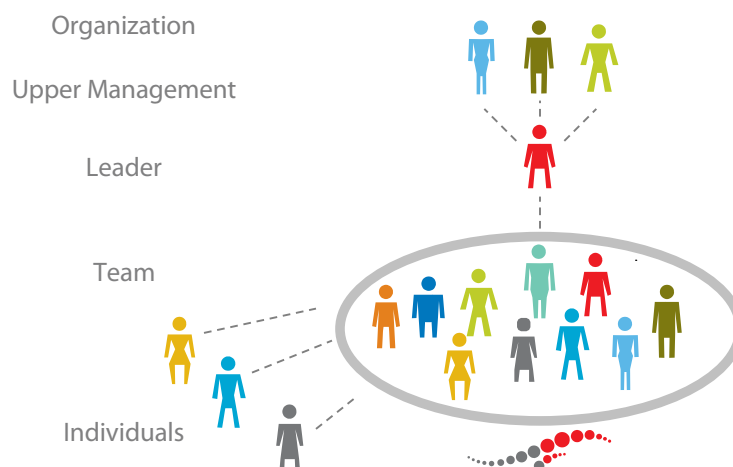
**Factors:**

- Difficulty ✓
- Commitment ✓
- Participation ✗
  - However, May Be Associated with Satisfaction

Source: Locke & Latham 1990



## Goals at Levels in Organizations



## Setting Goals

### Autocratic

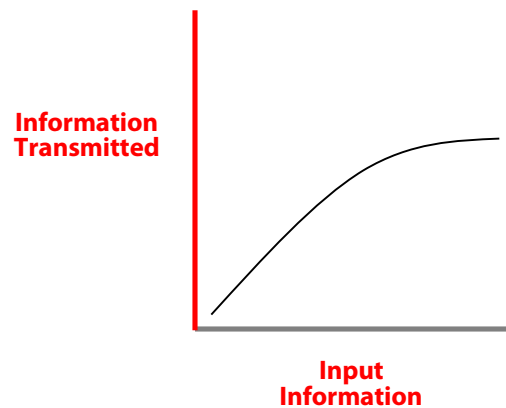
### Groups

- Group + Individual Goals Lead to Higher Commitment

### Employees Propose Goals, Then Collaborate



## The Magical Number $7 \pm 2$

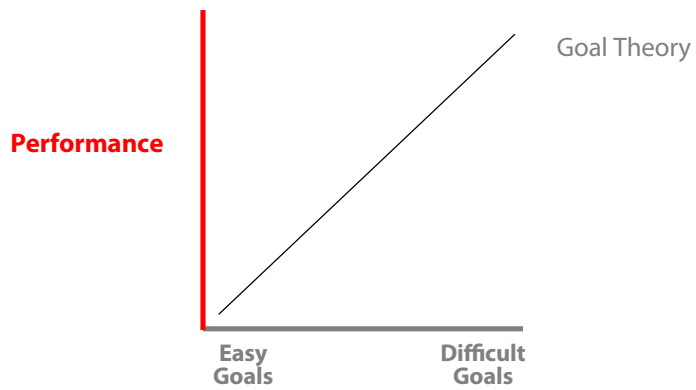


Source: Miller 1956





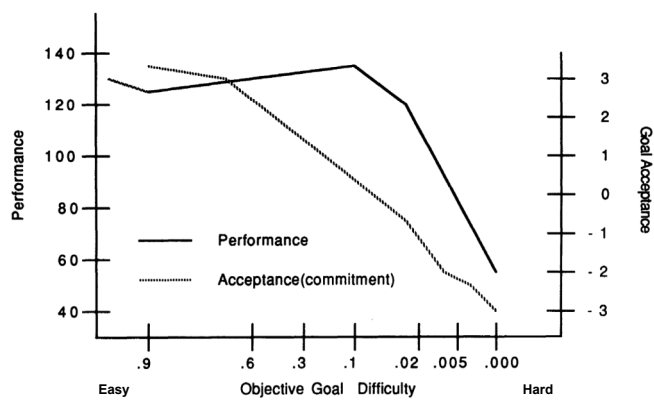
## Performance vs. Goal Difficulty



Source: Locke & Latham 1990



## Goal Difficulty, Acceptance & Performance



Source: Locke & Latham, 1990; Based on Erez & Zidon, 1984



## Goals

### **Personal, Soft Goals**

- Personal Development, Employee Development, Culture

### **Metrics, Hard Goals**

- Sales, Market Share, Profit

### **Marketing Goals**

- Awards, PR Milestones

### **Short Term, Long Term**

**Consistent with the Business You're in? Your Vision & Mission?**



## Possible Measurements

**Revenue**

**Profit**

**Growth in Relation to the Overall Market**

**Market Share**

**Sustainability**



## SMART Goals

**Specific**

**Measurable**

**Achievable**

**Realistic or Responsible**

**Time-Driven**



## Goal-Seeking Factors

**Commitment**

**Effort**

**Persistence**

**Direction**

**Pressure**



## Communicating Your Goals

**Verbal**

**Visual**

**Written**

**Stories**

- Integrate Into Your Culture



## Actions

**Are They Clear & Specific?**

**Do They Involve Measurements?**

**Do They Include Timelines?**

**Are They Relevant to Your Goals & Strategy?**

**Test Against Scenarios**



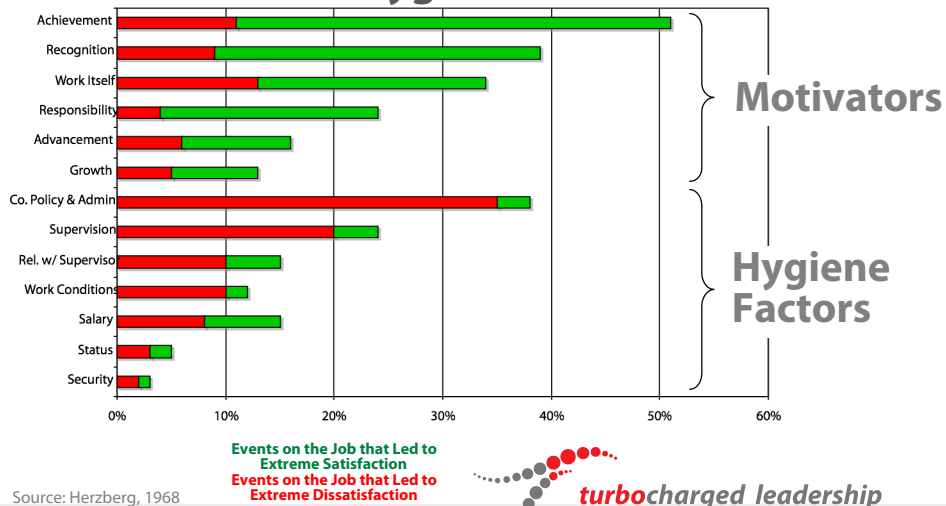
## Review

Review Goals & Progress Monthly

Balance Changing Course with Stability & Consistency



## Motivators vs. Hygiene Factors



# Questions?

Joel DiGirolamo

859-539-6882, [joel@jdirolamo.com](mailto:joel@jdirolamo.com)

[turbochargedleadership.com](http://turbochargedleadership.com), [yogainnotimeatall.com](http://yogainnotimeatall.com)



***turbocharged leadership***

THE ART, PSYCHOLOGY, AND SCIENCE OF MANAGEMENT —  
AN INTEGRATED APPROACH

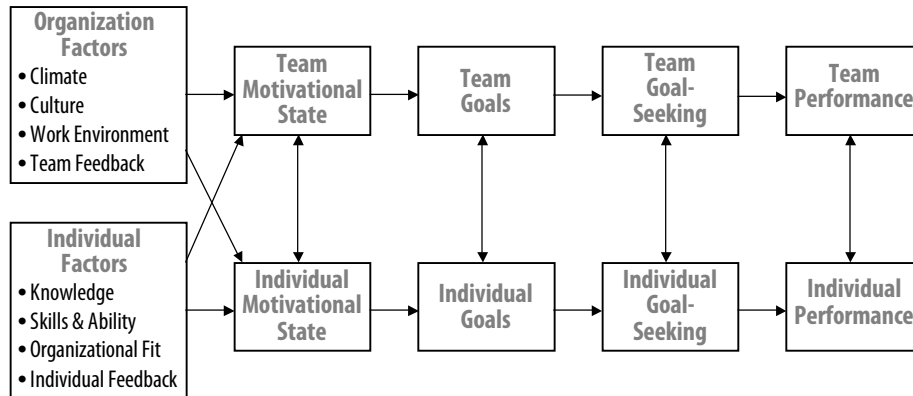
# Back-up



***turbocharged leadership***

THE ART, PSYCHOLOGY, AND SCIENCE OF MANAGEMENT —  
AN INTEGRATED APPROACH

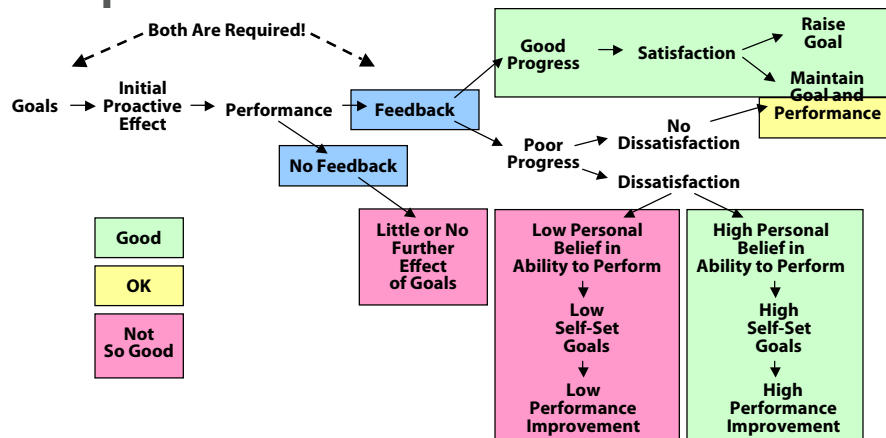
## Team & Individual Motivation & Performance



Adapted from: Chen & Kanfer 2006



## Importance of Goals + Feedback



Adapted from: Locke & Latham 1990



## Resources - Books

- Pinson, L. (2008). Anatomy of a Business Plan (7th ed.). Tustin, Calif.: Out Of Your Mind. And Into The Mark.
- DeThomas, A. R., & Gensing-Pophal, L. (2001). Writing a Convincing Business Plan (2nd ed.). Barron's Educational Series. (out of print)
- Locke, E. A., Latham, G. P., & Smith, K. J. (1990). A theory of goal setting & task performance. Englewood Cliffs, N.J.: Prentice-Hall.



## Resources - Papers

- Erez, M., & Zidon, I. (1984). Effect of goal acceptance on the relationship of goal difficulty to performance. *Journal of Applied Psychology*, 69(1), 69–78.
- Green, K. W., Jr. & Medlin, B. (2003). The strategic planning process: The link between mission statement and organizational performance. *Academy of Strategic Management Journal*, 2, 23-32.
- Locke, E. A., Shaw, K. N., Saari, L. M., & Latham, G. P. (1981). Goal setting and task performance. *Psychological Bulletin*, 90(1), 125–152.
- Weldon, E. & Weingart, L. R. (1993). Group goals and group performance. *British Journal of Social Psychology*, 32(4), 307–334.





## A Business Plan is...

### Way to Demonstrate You Have a Plan to Create a Viable Business

- Method or Structure of Planning for Success

### Communication Tool

- Internal
- External - Lenders & Investors



## Essential Elements

**Executive Summary**

**Business Description**

**Industry & Market Analysis**

**Marketing Plan**

**Operating Plan**

**Financials**

**Administrative**

**Supporting Documents**



## Executive Summary

### Overview of the Business

- Vision, Mission, Goals

### Market, Products, & Services

### Differentiators

### Sources & Uses of Funds

### Financial Projections



## Business Description

### The Business

- History
- Products & Services
- Differentiators
- Customers

### Vision

- Want to Be (Nouns)

### Mission

- Want to Do (Verbs)

### Goals

### Organization

- Management & Personnel



## Industry & Market Analysis

### Industry Description

- Business Models
- Trends
- Sales & Marketing
- Distribution

### Target Market

- Market Size, Market Share

### Competition

### SWOT Analysis



## Marketing Plan

### Products & Services

- Product Life Cycles

### Market Share

- Customer Base

### Differentiators

### Marketing

- Brand

Strategic Partners

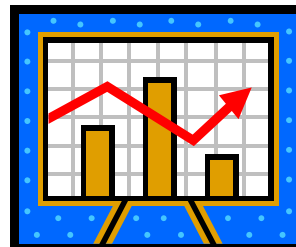
### Sales Channels

### Distribution Channels

### Business Model & Pricing

### Sales Forecast

- Scenarios



## Operating Plan

### Personnel

- Knowledge, Skills, Abilities (KSAs)
- Pay

### Partners

### Locations & Logistics

### Investments



## Financials

### Historical

### Pro Forma

- Cash Flow
- Sources and Uses of Funds
- Profit & Loss (P&L)
- Balance Sheet
- Ratio Analysis
- Break Even Analysis



## Administrative

**Legal Structure**

**Location & Facilities**

**Insurance**

Security

Intellectual Property



## Supporting Documents

**Letters of Reference**

**Résumés**

**Sample Business Documents**

- Proposals
- Terms & Conditions
- Contracts
- Articles of Incorporation

Glossary



## Success Factors

### Mission Statement Correlated with:

- Performance
- Return on:
  - Equity
  - Assets
  - Invested Capital

### Goals Correlate with Performance



Sources: Green & Medlin, 2003  
Weldon & Weingart, 1993



## Strategy Considerations

### Exit Plan

- Sale
- Inheritance
- Go Public

### Acquisitions

### Mergers



# Business Planning Exercise

\_\_\_\_\_ is in the business of \_\_\_\_\_

---

---

---

My vision is to be \_\_\_\_\_

---

---

---

The most significant industry trends affecting my business are \_\_\_\_\_

---

---

---

My most significant competitors are \_\_\_\_\_

---

---

---

My greatest opportunities are \_\_\_\_\_

---

---

---

My biggest threats are \_\_\_\_\_

---

---

---

My goals for 2010 are \_\_\_\_\_

---

---

---

---

---