



Your Business Plan - What If?

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History is full of fascinating "what ifs." What if Napoleon hadn't been ill at Waterloo? What if Hitler hadn't made the mistake of a two-front war? What if Hewlett and Packard had stopped with their first patent (most definitely not a printer)? What if Bill Gates had decided to stay in Albuquerque?

As a consultant, I read many business plans that fail to consider the critical "what ifs." People tend to forecast based on current conditions - conditions that can (and often do) change overnight. Of course, we can't plan for every contingency and trying too hard can cause analysis paralysis. However, we can be ready as possible for the unexpected. A good software development plan, for example, always includes a list of the things that *could* go wrong and the impacts.

Here are some key points to keep in mind for your own "what if" planning - rather for a brand new company or a new line of business.

Internal

1. Key Personnel. This is particularly critical in start-ups. VCs and angels invest in the people as much (if not more so) as the idea. What will happen to your plans if someone leaves? No amount of "key man" insurance can make up for loss of personal C-level (CEO, CTO, COO, CFO) business relationships or technology expertise. Make sure you have the right people in the right jobs. Don't ask an engineer to do marketing. A CTO (Chief Technology Officer) will likely hate marketing. Your CFO shouldn't run sales. Be aware of personality differences; group hugs aren't necessary, but people must work together if you're to succeed.

2. IT Infrastructure. Ask if we do this (add a service, move a location, etc.) - can my IT support it? Will I need to make additional investments (computers, networking, software) and how will that affect my schedule (and bottom line)? It's great to offer new things to your customer - but if you can't track it and bill it (much less deliver it), it's a waste of time and money - and will *lose* customers.

External

1. The Economy. This one *seems* obvious but it's a common omission. Remember the 90s? How about the 80s? Many corporations were (still) producing voluminous multi-year plans and most were obsolete *way* before the planned period ended. Even today, some continue to produce five and even ten year projections as if they're cast in stone. Yes, you need a plan, but don't assume it's ever *really* done. Be prepared for change.

2. Your Customers. Don't assume current customers and revenues will always be there. Even the sturdiest of cash cows can be lost or die. The customer's market changes. Management leaves. Mergers and acquisitions happen.



3. Your Competitors. New ones constantly emerge. Their management changes. They get bought or ally with a larger company. Your best distributor or biggest customer can decide to go into *your* business. Sometimes, your strongest competition is the customer's staff. And, your rivals are all planning, acting and reacting too. For example, if your major advantage over a rival is that you're cheaper - oops. They can and will change their prices, even when it doesn't make sense.

4. Regulation/Legislation. If your success is dependent on existing or pending government actions, you've got some major planning to do. What will happen if old laws are changed or new laws are passed? Is your success dependent on subsidies or grants? This one has killed many alternative energy companies.

So - remember - the only constant in life is change. Always ask "what if?" Who knows? In doing your analysis you may even uncover a new opportunity!

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