

Smart Talk

Insights from entrepreneurs

PLOTTING A ROAD MAP TO SUCCESS

Smart Talk is a weekly column by successful entrepreneurs about the challenges they face every day. Brumby's Bakeries founder and Krispy Kreme and Ice Rock board member Michael Sherlock explains how important a business plan is to lasting success.

● I get asked a lot about how in 2007 we managed to sell the company for \$36 million which at the time represented 17 times earnings per share on last reported profits. The answer lies mainly with the way in which we restructured the business and implemented a five-year business plan.

The company had hit rock bottom in 2003. The capitalisation had halved to less than \$6 million and the brand was in the media for all the wrong reasons. Customers and franchisees were rapidly losing faith. The situation was best summed up by the Spike Milligan philosophy: "We don't have a plan, so nothing can go wrong." But everything was going wrong.

The company needed a road map – a five-year business plan to set a direction and a strategy to cover how it was going to get there. We engaged the Brisbane office of accounting and advisory firm BDO to facilitate the creation and development of our business plan.

In this day and age we don't use road maps, we are dependent on our satellite navigation, so we developed eight co-ordinates to program the sat-nav and set out the company's future direction.

Each day when the chief executive and the team get in the car, they need to start up the sat-nav and take the "helicopter view" as to where they are on their road map to success. This approach contrasts with the feeling that they are stuck in the traffic and are viewing their business from deep in the trenches – the "trench view". As a business owner, you need to take into account the conditions through which your business is travelling and adjust the sat-nav program to suit changing business conditions.


The eight co-ordinates in our model were as follows:

- 1. Planning** – envision where you ideally want to be in the medium to longer term and set targets for the next three to five years, one year and next quarter;
- 2. Research** – do your external research to find out what your customers think about your business and what is happening in your marketplace;

- 3. Strategy** – use the research to set the outcomes you want and develop simple, effective strategies and action plans to achieve those outcomes;
- 4. Structure** – devise a structure that suits the effective responsibilities, accountabilities and communications that affect your TEAM (Together Everybody Achieves More);
- 5. People** – recruit, motivate and reward the right TEAM members who have an "owner's eye", thrive in your culture and work hard and follow your systems to achieve the desired results;
- 6. Systems** – develop systems and manuals for all aspects of your business and operation so that if any TEAM member leaves or is unavailable, all the experience and best practice is available for the next person to follow so that everyone doesn't have to learn from their own set of mistakes over and over again;
- 7. Customers** – understand what your customers need and how you will deliver to exceed their expectations. Also understand your competitive advantage and how you will drive that home; and
- 8. Results** – record and measure the results and share the scoreboard with all your TEAM members on a regular basis – you are only as good as your last result so don't bask too long in your successes or setbacks – get back into further research to drive even better outcomes.

Once you have programmed your sat-nav for the next three to five years, the point to remember is that each journey starts with a first step and while you are "in the moment" you need to keep your longer-term destination in mind. Day to day when you are in your vehicle with your co-drivers, you rely more and more on the feedback from your dashboard to determine your progress while checking your rear-vision mirrors to see what you have passed and whether any competitors are coming up behind you.

So if you want your business to succeed, you need not only to develop a plan but you also need to make it a living document and execute it well.

Remember the adage: "If you fail to plan, you plan to fail." 

Next week: Sir Richard Branson, founder of the Virgin Group of companies



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