

Business Planning Blues

We've all heard the adage, "If you fail to plan, plan to fail." It's catchy, but is it true? If it were true, nine out of 10 remodeling businesses would be failing, but they aren't.

One of first things a business coach or adviser asks a company owner is, "Do you have a business plan?" Usually the answer is no, yet most remodeling companies have survived for 10 years or more.

While that old adage may be too bold and not totally true, I think there's a big upside to planning your business. Unfortunately, most remodeling company owners are impatient with the process and don't understand the value. This is ironic, considering that professional remodelers are constantly telling their homeowner clients about the importance of planning their remodeling projects. Remodelers point out all the benefits of the remodeling planning process: how it identifies the owners' real priorities and prepares them for a better product; how it prevents costly mistakes and saves time during construction; and how it reduces stress during what's often an extended period of household upheaval.

Other than a slight delay in getting the project started and the effort involved in the process, remodelers understand that there's no downside to professionally planning a remodeling project. The key is to learn to apply project planning principles to their own businesses.

ASK THESE KEY QUESTIONS

The process should begin by really drilling down and asking some essential questions.

Why are you in the remodeling business?

This is the equivalent of asking a remodeling client why they want to add onto their house rather than move to a different one.

Are you motivated by the financial rewards? Is it because you like solving complex problems? Do you like the satisfaction that comes from building a successful organization?

Most likely, your answer will be a blend of fac-

tors, but the point is to understand what lies at the root of your business.

How do you want to feel in three to five years? For me, the key word here is "feel." I think business advisers knock the planning process off track when they ask, "Where do you want to *be* in three to five years?"

Most people can't predict the future with any real confidence, and the question paralyzes them. But most people *can* articulate how they want to feel.

They may want to feel more financially secure, or feel the freedom to spend more time on creative things. It may also be helpful to flip the question around and think about how you do *not* want to feel.

What do others who are important to you see in the future?

As with your remodeling clients, you need to get buy-in and alignment from everyone during the planning process. While a husband may not care about the color of the granite for the kitchen counters, he may be concerned about the granite's cost relative to an alternative. Similarly, your family or key team members are important to the success of your business vision or plan. They may have insights that you don't, and it will make accomplishing your plan much easier if they are aligned with you.

BUILD A BUDGET

Once you've taken some time to reflect on and discuss these questions, one way to make sure your business is heading in a direction that will ensure

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you reach your objectives is to create a business budget. Again, it's ironic that the same remodeler who would never commit to a remodeling contract unless the clients know the cost attempts to run a complex business without knowing the costs involved and without a clear plan for generating the revenue needed to cover those costs.

Not having a business plan doesn't mean you're failing. But it could mean that you aren't being as successful as you could be.

The budget is the estimate; the next step is to check it against performance. Start with a simple dashboard that tracks five key indicators: leads, sales, gross profit, overhead, and client satisfaction. If these indicators are on track, the profit will be there. Don't obsess over these gauges, but do review them weekly and make adjustments as necessary to stay on track.

Not having a business plan doesn't mean you are failing, but it could mean that you're not being as successful as you could be. You may lose some great team members because of their lack of confidence in where the business is heading. You may experience the personal stress that comes from uncertainty about the future and not being able to control your destiny.

If you take your own advice and plan your business the way you encourage your clients to plan their projects, you can't help but end up with a better outcome. **PR**

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