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## How to avoid classic Business Plan mistakes

Posted December 14, 2005

Often you may hear about what a business plan consists of. While including the necessary items is very important, you also want to make sure you don't commit any of the following common business plan mistakes:

### 1. Putting it off.

Don't wait to write a plan until you absolutely have to. Too many businesses make business plans only when they have no choice in the matter. Unless the bank or the investors want a plan, there is no plan.

Don't wait to write your plan until you think you'll have enough time. "There's not enough time for a plan," business people say. "I can't plan. I'm too busy getting things done." The busier you are, the more you need to plan. If you are always putting out fires, you should build firebreaks or a sprinkler system. You can lose the whole forest for paying too much attention to the individual burning trees.

### 2. Cash flow casualness.

Cash flow is more important than sales, profits, or anything else in the business plan, but most people think in terms of profits instead of cash. When you and your friends imagine a new business, you think of what it would cost to make the product, what you could sell it for, and what the profits per unit might be. We are trained to think of business as sales minus costs and expenses, which equal profits. Unfortunately, we don't spend the profits in a business. We spend cash. So understanding cash flow is critical. If you have only one table in your business plan, make it the cash flow table.

### 3. Idea inflation.

Plans don't sell new business ideas to investors. People do. The plan, though necessary, is only a way to present information. Investors invest in people, not ideas.

Don't overestimate the importance of the idea, particularly the importance of the uniqueness of the idea. You don't need a great idea to start a business; you need time, money, perseverance, common sense, and so forth. Very few successful businesses are based entirely on new ideas. A new idea is much harder to sell than an existing one, because people don't understand a new idea and they are often unsure if it will work.

### 4. Fear and dread.

Doing a business plan isn't as hard as you think. You don't have to write a doctoral thesis or a novel. There are good books to help, many advisors among the Small Business Development Centers (SBDCs), business schools, and there is software available to help you (such as [Business Plan Pro](#), and others).

### 5. Spongy, vague goals.

Leave out the vague and the meaningless babble of business phrases (such as "being the best") because they are simply hype. Remember that the objective of a plan is its results, and for results, you need tracking and follow up. You need specific dates, management responsibilities, budgets, and milestones. Then you can follow up. No matter how well thought out or brilliantly presented, it means nothing unless it produces results.

### 6. One size fits all

Tailor your business plan to its real business purpose. Business plans can be different things: they are often just sales documents to sell an idea for a new business. They can be detailed action plans, financial plans, marketing plans, and even personnel plans. They can be used to start a business, or just run a business better.

### 7. Diluted priorities.

Remember, strategy is focus. A priority list with 3-4 items is focus. A priority list with 20 items is something else, certainly not strategic, and rarely if ever effective. The more items on the list, the less the importance of each.

### 8. Hockey-stick shaped growth projections.

Have projections that are conservative so you can defend them. When in doubt, be less optimistic.

Article provided by our partner, Palo Alto Software, creators of [Business Plan Pro](#)