

# Student2Student: How to Overcome the Pitfalls of Business Planning

Sarah Matthias (Division 1 Winner of CPA Australia Plan Your Own Enterprise Competition 2016)



*A business plan is vital in presenting a guide for the operations of business and providing the best directions to achieve its goal. It is a working document and must consider the following aspects with the purpose of avoiding common pitfalls associated with the planning phase to boost the forecasted success of the enterprise.*

*Left: Sarah Matthias with her award from CPA Australia'*

## Differentiate Your Product

Businesses need to provide a good or service differentiating them from their competitors to maintain their market share in a market saturated with products. For instance, frozen yoghurt stores increased exponentially in the global marketplace from 2012 onwards, as new business owners leaped into the industry to benefit from the 'froyo' phase. However, as of late 2016, smaller players are now closing down as many failed to consider how to differentiate themselves from their various competitors who provide a nearly identical product and service. Therefore, to remain market relevance, it is essential for a business to manufacture promising internal influences which include redesigning a classic product or defining a new good or service that will become indispensable in individuals' lifestyles.

## Identify Effective Marketing Methods

Despite the creation of a promising good or service and identifying a reliable target market, failure to consider effective marketing strategies with which to communicate with this desired customer base, will result in your business's inability to increase awareness and generate sales. Market research is integral in determining how you will coordinate your marketing strategies by helping identify the geographic, demographic, behavioural and psychographic traits of your target market. Marketing is a necessary consideration throughout the formation of the product, as an inability to concisely promote the nature of your product or service can easily result in the brand's failure. Today's society is increasingly

susceptible to digital and online marketing methods, which exposes how a business will be at a severe disadvantage if they rely solely on the benefits of the product to sell itself. Moreover, social media has become a driving power in the establishment and development of new small businesses as seen through 'Doughnut Time,' a small business that began in 2015 and as of late 2016 now has over 20 stores throughout Australia. Part of their success was achieved by capitalising on Instagram and Snapchat as free social media outlets to promote their doughnuts while targeting the young millennials that they sought as consumers.

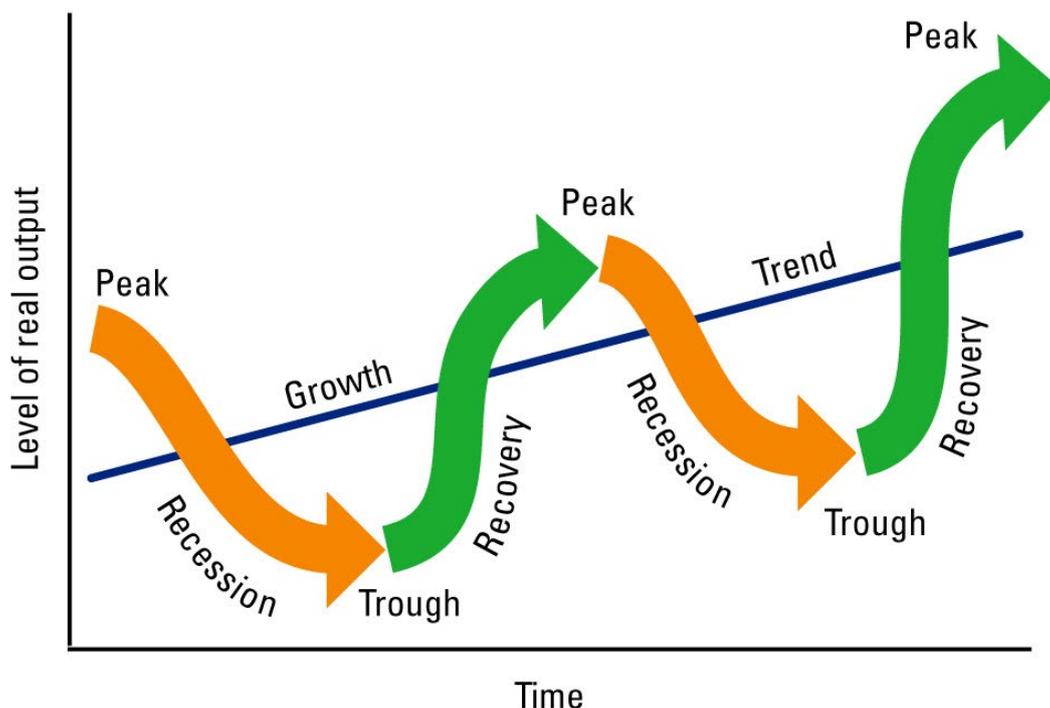
### Realistic Financial Planning & Anticipating Problems

Also, it is essential to safeguard your business investment by accommodating for unexpected conditions in the economic cycle. This level of foresight is challenging as external influences upon the business are always changing and consequently, it is essential to have an awareness

of the current market trends. Realistic financial planning includes consideration of future concerns such as funds required for professional and public liability insurance and workers' compensation insurance and preparing contingency plans which will promote the success and longevity of your enterprise. Failure to do so will be detrimental to a business, particularly a sole trader or partnership where owners are faced with unlimited liability and greater difficulty in acquiring loans as they have no access to funds to public investors.

As Benjamin Franklin says, "*Failing to plan is planning to fail*", so ensure that you engage in adequate research and planning in the foundational phase of your business and consider alternative strategies. Compile a detailed business plan that is logical and considers the multiple facets required in enterprise planning while identifying the goals and objectives of the business and methods to achieve them. Plan for success.

## The Economic Cycle



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