

## Is Failing to Have a Long-Term Business Plan, Planning to Fail?

*What will your business look like in five years? What kind of work will you be doing? If your answer is a wince or a shrug, it's time to develop a better business plan.*



We asked [Matthew Baker, Vice-President of Strategic Planning](#) here at FreshBooks to share some simple and practical advice to help your small business experience steady growth and increase your career satisfaction.

### Do you Plan Microscopically or Telescopically?

Baker thinks of business planning through the lenses of a microscope and a telescope. The microscope is the immediate, blown-up view of your business. The telescope takes a more long-range view. Which one do you most commonly use when it comes to your business?

“Most people running a small business are consumed by the microscope. How do I deliver for my client today? Am I going to finish this project on time? Where will I find my next client? How are my financials doing right now?”

These issues are important to address in a short window of time, typically three to six months. But Baker says many entrepreneurs who don't zoom out for a more telescopic view of their businesses often experience stagnant or stalled growth.

“Many people start a small business without a clear vision of what they want to accomplish. They just know they’re good at what they do and they want to work for themselves.”

If that sounds familiar, it might be time to pick up the telescope. Thinking about what you want to accomplish a few years out goes a long way to making sure you’re intentional about what you do every day and don’t just take any old project that comes along without considering your overarching goals. “If you don’t do long-range planning, you risk drifting off course and becoming the kind of business that doesn’t fit with your values or desires,” said Baker.

On the other hand, he cautions against tossing the microscope altogether in favor of the telescope. “The further you out you go the less knowledge you’ll have about how the world will be. I think the real value [of business planning] is making your dreams transparent so you know what you’re working toward and taking small steps along the way to make that happen.”

## **Step 1: Be a Visionary**

What do all wildly successful businesses have in common? They started with a vision/mission.

- Facebook: “[Creating an online directory for colleges that is kind of interactive](#)”
- Uber: “[An app to request premium black cars in a few metropolitan areas](#)”
- Airbnb: “[Connecting people who have space to share with those who are looking for a place to stay](#)”

Your vision and mission can and should evolve over time, but Baker says it’s imperative to start with a clear picture of where you want to be in three to five years. You’ll be more efficient about seeking new clients that align with your ultimate goals and you’ll seek out and take on projects that fit within the business model you’ve created for yourself.

“Your five-year goals are like a stake in the ground. I guarantee you’ll behave differently once you’ve made that a part of your plan.”

## **Step 2: Start With the End in Mind**

One of the most efficient ways to make and reach goals is to envision the end goal and work your way backward. Baker relates it to the university degree. “You don’t just start taking random courses and after 50 of them you get a degree. You need to have a bit of a roadmap to reach that goal.”

In five years, you might want to be making six figures, have a second office or be on the speakers’ circuit as an expert in your field. “If you want to be a 10-person company, you’ll ask yourself things like, What will that cost? How much will I pay these people? What would my revenue need to be to get there? How many clients will I need to have? And then you can start the journey toward that goal.”

## **Step 3: Break Down Your Goals by Function**

Now that you know your five-year goal and the kinds of things you need to do to get there, you'll need to break it down a little further. If your business doesn't have a sales, marketing, accounting or HR team, you'll need to direct the time you spend on each of these tasks in line with your goal.

“Bigger companies ask how each of its divisions can contribute to the company reaching its goals. What activities do they need to do? What relationships will they need to build? What clients should they seek? What kind of talent will they need to expand?”

This might mean shifting focus when it comes to bringing in new clients, networking in a more intentional way, putting a new spin on marketing and even firing your lowest paying clients to make room for bigger fish.

“Early on you'll take any client I can get but when you start to build your business and are busy enough, it's time to optimize. Consult your vision when thinking about taking on a new client or making a business decision. Ask yourself if it will contribute to where you want to be in five years.”

#### **Step 4: Measure Success**

Another great reason to plan ahead is that it allows you to easily measure and celebrate your successes along the way.

“Without planning, it's hard to gauge your sense of achievement. If you just keep walking into things, how can you know if you're living up to your potential?” said Baker.

For example, if that second office is your vision for the future and you've broken down what you need to get there, you'll have clear guideposts along the way to tell you if you're on track. As you reach each one, you'll be assured of your ultimate success rather than wondering if it's going to work out.

#### **What to Consider in Your Long-Term Plan**

When creating a long-term vision, consider external factors like the state of the economy, the competition and market trends.

“Be aware of big trends out there, including technology... We can't predict what the future will look like but thinking about the habits and needs of your target customer and how they've evolved and will continue to evolve is helpful,” said Baker.

He notes that trends tend to have life cycles. If you're tapping into one, ask yourself where it's at in the cycle. “Let's say you get into newly created jobs like social media consulting, look at the overall category of social media and ask if it's in a growth cycle. Has it hit a plateau? Understand if you're getting in on the ground floor or at a growth peak. These things can affect how you plan.”

#### **What Does a Long-Term Plan Look Like?**

It can be as simple as a post-it note stuck to your computer monitor or as sophisticated as

a multi-page spreadsheet. Baker says the act of planning is more important than the form it takes.

“You don’t necessarily have to share it with others, but it’s helpful to put it in a place where it’s a reminder to yourself.”

There’s no better way to make something happen than to schedule it into your daily routine. Make a practice of booking an hour every month to spend time with your telescope. Start with step one and work your way through until you’re consulting your vision regularly to help you achieve those longer-term goals. Good luck!

This post was originally published in October 2016 and has been updated.



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## **ABOUT THE AUTHOR**

Heather Hudson has been a freelance writer for more than 17 years. As a small business owner, she understands the triumphs and challenges of life as an entrepreneur. And as a longtime FreshBooks customer, she’s always looking for ways to work smarter, not harder. You can learn more about her work at [heatherhudson.ca](http://heatherhudson.ca).