

Growth Planning

A better way to build and grow a more dynamic, healthy, and profitable business



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Introduction

- 30% faster growth.
- 40% higher achievement.
- 129% more likely to launch successfully.
- Twice as likely to last beyond 2 years.

That's what happens when you write a business plan.

And business plans aren't just for startups. Planning is necessary for anyone that wants to grow faster, achieve more, and keep their business on the right track.

Unfortunately, many entrepreneurs fail to reap these benefits, all because business planning gets a bad rap. It's seen as overly complicated, time-intensive, and only useful when applying for funding. Who really wants to spend hours in spreadsheets and word documents when you have a business to run?

For decades, business planning has meant writing a monstrous 40+ page document that requires hours of research, numerous revisions, and complex number crunching. And despite all of that effort these plans quickly become outdated and sit on a shelf collecting dust—never to be looked at again.



Fast forward to today. Most entrepreneurs still retain this outdated understanding of business planning and do one of two things:

1. Create a lengthy, traditional business plan to help them get a loan and never look at it again.

OR

2. Just don't bother with any business planning at all.

Both are costly, dangerous decisions for business owners. Traditional plans lack the flexibility needed to adapt to your ever-changing priorities as a business owner. But failing to plan entirely, basically means that you're planning to fail.

Luckily, there's a faster, simpler, and more efficient way to plan that gives you all of the benefits and removes the issues. It's a process that anyone can do— regardless of background, education level, or how established your business is. It's called growth planning.



What is growth planning?



**A smarter and more strategic
way to grow your business**



Growth planning is an active and data-driven four-step process for making informed and strategic business decisions. It provides confidence in your ongoing financial health, clarity to improve the right areas of your business, and consistency when sharing your ever-evolving strategy with partners, employees, vendors, lenders, or anyone else.

The four steps of growth planning are:



Plan: Start with a lightweight overview of your business strategy. We recommend using a one-page business plan for this step, but you can always expand into a more detailed plan as you go.



Forecast: Creating projections for your sales, expenses and other important metrics helps you understand where your business is now and where it's headed. These are estimates and not meant to be perfect.



Review: Compare your projections to the information you collect from running your business or testing your idea. This can be actual sales and expense data, or it might be interviews with prospective customers to help validate your strategy. Do what's best for your business stage to uncover ways to grow and hold yourself accountable to your goals.



Refine: Once your review is complete—update your forecast and business strategy from the previous steps. Make adjustments based on what you found to maximize growth.

It's that simple.

All you need to get started is a Google or Word doc for your one-page business plan and a spreadsheet to track your financials.

Want to get started faster?

Looking for the quickest, most effective way to start growth planning? Our software, [LivePlan](#), was created to help you effectively practice growth planning.



How growth planning works for businesses at any stage



**A process built for any
type of business**



Growth planning is easy to adapt to any business stage. Whether you've just come up with your business idea or you're a well-established business looking to expand—you can use growth planning to define your strategy and better manage your business.

Startups

Experimentation and testing are critical to the success of early-stage businesses. It keeps your organization agile, innovative, and reduces risk. Writing a traditional business plan doesn't support these needs. It takes too long to write, is too difficult to update, and becomes outdated almost instantly.

But the one-page plan you create as part of growth planning does. It helps you establish the core strategy and business model for your business. As you practice growth planning, your plan can be quickly updated to reflect the pivots you make. You can even use your forecast to identify how much funding you'll need and when you might have a cash crunch.

Established businesses

For business owners caught in the day-to-day hustle of keeping their business running, there's no time to write or update a traditional business plan. Ideas (and sometimes concerns) about growth are strewn across a desk, or captured on a post-it note—with no process for identifying and prioritizing what will actually be best for the business.

Growth planning helps you quickly define your strategy, organize your ideas for growth, and measure progress toward your goals—without taking precious time away from running your business. Reviewing and revising your forecast becomes a core part of running a successful, healthy business.

Exploring an idea

If you're toying around with the idea of starting a business, you don't need to spend time on a detailed plan. At this stage, it's more beneficial to outline your business model and avoid getting lost in the specifics of a traditional business plan.

Just like startups are experimenting and testing, you're doing the same, although in a less official capacity. The growth planning method is perfect



for doing this at a rapid pace. If you find there's no interest in your business idea, you can just change your plan and try again — all without spending hours rewriting it.

Seeking funding

Haven't generated any sales? Seeking rapid growth? Looking to get funded? Growth planning will help you do that.

At this stage, you need to prove and scale your concept. And for investors, it's all about understanding your plan to do that. Setting up milestones, forecasting sales, and laying out a clear use of funds will help you achieve both. You can always tackle the other elements of your business plan once you've gotten those initial sales. You can start with a one-page business plan and then expand into a more detailed plan to flesh out the details investors expect to see—including a marketing and sales plan, product roadmap, and management team structure.

Business expansions

Expanding your business is incredibly similar to starting one. You're either launching in new locations, seeking new customers, or even launching a new product or service. You can use your business plan to effectively plan for the expansion.

Think of it as a checklist for success. You've already used it once to launch your original business. With the right tweaks and focus you can use it again.

Business sales

There may come a time where you want to sell your business. Growth planning can help here, too. Your growth plan will include your budgets and forecasts for the future as well as reports on how your business has performed in prior years. It will also detail your marketing strategies, competition, and other aspects of your business that a potential buyer will want to know.



Why is growth planning effective?



**Know that you're making
the best decisions for your
business**



Growth planning gives you a process for building and growing a profitable business—no matter the industry, experience level, or business stage. But more importantly, it helps you **become a smarter, more strategic business owner**.

“Use the planning process like a GPS for your business — the plan as destination and route, and monthly plan review for constant course corrections,”

Tim Berry

Developer of the [Lean Planning](#) methodology that inspired growth planning

1. It's faster

Not everyone needs a detailed business plan. If you're not seeking funding, then most of the technical material is unnecessary. You likely just need a summary to determine if your business venture makes sense.

Why waste time excessively planning when you can be building your business? Instead, start with a one-page plan that you can write in under an hour rather than spending days writing a 40+ page plan that may not come to fruition. If you gain traction, you can always expand on the details within your plan.

2. Easy to get feedback

At any business stage, feedback is vital. With a traditional plan, that essential information can come too late. It's challenging to get people to read overly-lengthy business plans. But, they'll always read a one-page version.

Your feedback loop is simply faster.

3. Simple to update

There's nothing worse than spending weeks developing a plan, only to overhaul it a few months later. It wastes time and isn't enjoyable work. Growth planning bakes in a regular update process.



And if you need to make more incremental updates, the format makes it incredibly easy. You won't be diving into page after page of rewrites to bring it up to speed.

4. Quickly validates your idea

While risk will always be a core aspect of building a business, you can reduce it. Instead of rushing out to start, unsure if your idea is going to work—you can test and determine if it can become a real business.

By keeping your plan brief, you can quickly outline a strategy, bring it to market, and test if you're on the right track or need to revise your plan.

5. Perfect for pitching

Here's the thing, investors, venture capitalists, and even banks review hundreds if not thousands of plans every month. They don't want to review a traditional plan at the start. They just want a brief glimpse into your business to determine if they should meet with you to learn more.

Growth planning highlights everything a potential investor needs to know about your business. And it gives you a solid starting point to develop your in-person pitch and larger slide deck.

6. Helps manage your business

A business plan should help you define your goals, make financial decisions, and project what your next steps will be. That's difficult to do with a plan the size of a novel.

Growth planning is a simple and accessible guide that's valuable for anyone on your team. It's light enough for anyone to understand the ins and outs of your business quickly but detailed enough to guide strategic decisions.



Growth planning in 4 steps



**How your business can
adopt growth planning
and grow smarter**



Let's walk through the growth planning process and teach you how to make it work for your specific needs. No business or financial expertise required.

Step 1: Create a one-page business plan

The one-page plan format is essentially a one-page summary of your business concept. Think of it as your virtual bar napkin where you're jotting down ideas about your business. Unlike a napkin, it's easy to change and revise things as you go (and it lacks those pesky ketchup stains).

For your one-page plan to work, you'll need to cover:

- **Strategy:** What you're going to do
- **Tactics:** How you're going to do it
- **Schedule:** who is doing what and when
- **Business model:** how you will make money

Addressing these four key aspects of your business helps explain what you're going to do and how you're going to do it. It's great because you can easily share this with business partners and even investors to give them a summary of your business.

Your one-page plan can also be used as the foundation for a more detailed [business plan document](#). But, for many entrepreneurs, a one-page plan might be all the planning you need to do, and you'll be able to skip the entire detailed business plan.

For startups, use your one-page plan to test and validate your idea

[Reducing risk](#) is one of the most important benefits of early growth planning. Instead of rushing out to start your business, take the time to make sure you have a good idea and that you'll be able to create a viable business. Most [businesses that fail](#) skip this critical step.

When developing your idea using the one-page plan framework, you write down all of your key business assumptions. These are your best guesses about who your target market (customers) will be, the problems they have, and how your business will help them.



Now it's time to find out if your assumptions are true:

- Do your potential customers have the problem you think they have?
- What do your potential customers think of your solution?
- What's the best way to sell to your potential customers?
- What marketing tactics will work?

There's no better way to answer these questions than to actually talk to [potential customers](#) about your product or service. Find out how much they're willing to pay, what competing products or services they currently use, etc.

If you need help figuring out how to talk to customers, check out this [guide](#).

As part of this research, you may discover the need to refine your solution, or even reconsider the problem that you are solving. Since you haven't created a [detailed business plan](#) at this point, you can easily adjust your one-page plan. The key to testing your idea is to constantly go back and revise it as you learn.

Even without moving past step one, you're already practicing growth planning by circling back on your idea, testing its potential, and making strategic adjustments. Not only will you be better prepared to run a more profitable business, but you'll avoid starting something that just won't work altogether.

What if you need a more detailed business plan?

You may have a “business plan event.” A potential investor asks to see a more detailed business plan. A loan officer requires a detailed plan alongside your loan application. Maybe you just want a detailed 10-page document to hand to your team that easily explains your strategy.

If that's the case, use your one-page plan as a starting point and add the information needed to make it useful for your business needs. Don't write paragraphs and paragraphs of text. Try to still keep things as short and concise as possible.

Thankfully, you've already done the hard work of developing your business strategy. You're just expanding on it with additional details on your marketing, sales, products, etc. You can check out our full guide on [creating a detailed business plan document](#) to learn exactly what to include.



Step 2: Build your forecast

The next step in the growth planning process is to build a financial forecast. This will help you set revenue goals, define expense budgets, and understand how cash moves in and out of your business.

If you're a startup, you don't need to build out incredibly detailed spreadsheets. Just take broad strokes to get a rough idea of what it will take to make your business successful and if it even makes financial sense to start a business.

If you run an existing business, you may already have these financial forecasts. But, if you don't, now is the time to set your sales goals and create a budget for your expenses.

For this step, you will create:

- A sales forecast
- An expense budget
- A cash flow forecast

Building a sales forecast

For your sales forecast, think about how many products, hours, or meals that you might be able to sell in a given month and what each customer will pay on average. Then think about what it costs you to make and sell your product (your “cost of goods sold”). For detailed advice, check out our [guide on building a sales forecast](#).

Budget for expenses

With a rough sales forecast in place, you can now [think about your expenses](#). This includes rent, insurance, marketing, payroll, and other costs of running your business. Create a list of these expenses and then compare the costs of running your business to your forecasted sales.

This will tell you if you can run a profitable business based on your best initial guesses. Sales need to be greater than expenses, if not from day one, at least eventually.



You'll almost certainly need to refine your numbers after your first pass. But this is still a worthwhile exercise to figure out if the business actually makes sense and can make money. Check out this guide for [more details on creating an expense budget](#) and calculating profitability.

Forecast cash flow

Finally, and most importantly, you'll want to look at your projected cash flow. Your [cash flow forecast](#) will help determine how much money you need to raise to get your business off the ground and fund your growth. This is especially useful for companies that sell "on credit," where customers don't pay right away, as well as companies that carry inventory.

Unlike a profit and loss forecast, a cash flow forecast is all about tracking the timing of when cash moves into and out of your business. That's because [cash and profits are different](#).

For example, your profit and loss will show when sales get made, while your cash flow will show when you actually get paid. For any business that doesn't get paid right away, this is very important.

To build a cash flow forecast, you'll show all of the cash you expect to receive and subtract all of the cash you plan to spend. If the number is positive, you have "positive cash flow" and your bank account will be growing. If you have "negative cash flow", your bank account is shrinking.

The real [benefit of a cash flow forecast](#) is that it can help you predict the amount of cash you will have in the bank. Knowing when you might run short on cash will help you determine the best types of loans and investments, and when you need them, to build your business.

Now, you could put all of these forecasts together with Excel, but I recommend checking out [LivePlan](#). It will help you quickly produce all of the financial forecasts you need without complicated spreadsheets and immediately embeds your forecasts within the growth planning process.

Step 3: Review your results

Growth planning is all about steering your business toward smarter and more strategic action. To do this, you'll track your actual financial performance and compare it to your plan to determine if your business strategy is working.



Tracking your performance is a simple process. At a minimum, you'll review your actual sales and compare them to your sales forecast. Review your spending and see if you're staying on budget.

Beyond sales and expenses, you may want to [track other metrics](#) to ensure that you're on the right track. This fully depends on the type of business you are running.

The most effective way to do this is with a [monthly plan review meeting](#). Setting a time for review ensures that you'll actually prioritize stepping away from the day-to-day to zoom out and look at your business as a whole. By putting the meeting on your calendar, and ideally, including others, it becomes a can't miss commitment.

Tracking your performance is arguably the most important step when growth planning. Without tracking the key metrics for your business, you won't know if things are going well or going poorly. Spotting trends early and making adjustments to your strategy and tactics is critical to business success.

Don't beat yourself up if you aren't meeting or beating your plan. The goal of tracking your performance is not to "stay on plan" but to make adjustments if things aren't going "to" plan.

Step 4: Refine your strategy

So far, you've created a one-page plan for your business, built a forecast, and are now tracking and reviewing your results against your plan. Now it's time to take action and refine your strategy and your forecast—but only if you need to.

Based on the results of your review that you completed in step 3, you may need to refine your plan. Don't feel like this is a requirement every month, though. You should only refine your plan if your strategy either isn't working OR things are going much better than you had originally planned. If you're meeting your expectations, staying the course might be the best bet.

When you review your actual results against your plan, look for problems and opportunities. If sales aren't meeting expectations, think about your marketing and sales strategies and if you should refine those. Maybe you should adjust your spending and refine your expense budget moving forward.



On the other hand, maybe part of your business is doing better than expected. You might want to consider focusing more on that part of the business or using excess revenue in one area to fund development or marketing in another area.

While refining your strategy, take the time to explore different [financial scenarios](#) to see how each decision could impact your business. For example, you can experiment with alternative expansion or hiring plans to better understand the impact on your cash and profitability over the next several months.

Refining your plan and your strategy is the final step in growth planning before you begin the cycle again. Successful business owners use growth planning to understand the health of their business and guide it toward ongoing growth and stability.





Harness the power of business growth planning

I hope you found this guide to growth planning useful. The growth planning process has been instrumental in growing our business and I hope it will do the same for yours as well.

Not only do we practice growth planning as a company, but our [LivePlan product](#) is built to make it easy. We use LivePlan to manage our growth planning process and are constantly refining it to make it even better for your business as well as ours.

Ready to grow your business? Check out our library of [free growth planning resources and templates](#) to start using the process on your own.

Want to get even more out of growth planning? [See how LivePlan's](#) step-by-step guidance, automated financials, and all-in-one financial performance reports will help you save time, identify more opportunities, and maximize growth. make informed decisions.

Build a more profitable business

Make confident, strategic decisions by following the growth planning process

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