

HARTLEY HOUSE – GLOSSARY OF TERMS

Business Planning – Directive

“Business Planning is a process that integrates written goals with marketing, production, and financial targets with human resource, risk, environmental, and social considerations into a Management Strategy for the business.”

The Planning Pyramid

A visual representation of the importance of ordering in one's mind, how best to create the very specific elements involved in one's business plan – i.e. the mechanics of how the business idea is to operate: one's essential product; its target market, how it is to be produced, brought to market, and sold; what human resources will be required; the environmental and social considerations; the risks involved; and its important financial targets.

A Mission Statement

A good Mission Statement answers the question, “Why Are We in Business, Today?” and can be answered easily with conviction at the start of each business day, by those involved in the enterprise.

Big, Hairy, Audacious Goals

Also known as **BHAG’s** for short. Such goals by their nature will require the whole organization to stretch in its effort, in order to accomplish them. Done properly, such goals can be compelling and highly motivating for the core group of individuals in the organization. It's amazing sometimes what obstacles can be overcome and things accomplished, simply because it has been stated as the goal.

Triple Bottom Line

This is an evolved approach when setting the business strategy. Triple bottom line incorporates the notion of long-term sustainability into decision making, using the three dimensions of Environmental, Social, and Financial contexts.

SWOT Analysis

This is a classic helpful analysis in assessing both Internal and External environments for the organization using: Strengths, Weaknesses, Opportunities, Threats.

STEP Analysis

This is another disciplined look at the external macro-environment. The acronym stands for the Social-Technological-Economic-Political factors that may affect the business.

Examples include:

The Business Model

This is a quantitative way of describing how your business works. That is to say – how does it make a profit? Further described then as ... how does your business generate its revenues? – What are all of the associated costs with generating those revenues? – And ultimately, what is left as profit?

The Business Plan

The Business Plan becomes your Blue Print for success as well as an important document to communicate to other stakeholders (employees, investors, bankers, landlords, suppliers, etc.). It states what your business is all about and demonstrates that the plan is been thought out in a disciplined and thoughtful manner.

Human Resources Plan

Human resource management requires thinking about how you will recruit, screen, motivate, train, and discipline your staff.

The Production Plan

This is sometimes called the operating or manufacturing plan. This is a brief outline of your business's basic operation. Remember, what is obvious to you may not necessarily be obvious to your readers. Consider including recipes, formulations, standardized production processes, automation processes, suppliers, packaging, warehousing, shipping, facility design, site considerations, and technological changes.

The Financial Plan

The Financial Plan is the process of creating financial projections for business revenue and expenses, cash flow, and financial position, and requires the examination of all other key components. It is the backbone of your business plan. In your financial plan you will describe your plan in dollars and detect any discrepancies, gaps or unrealistic assumptions. The financial plan is valuable for creditors or government agencies when evaluating your company's needs and uses of funds.

SKU

This is an acronym for “Stock Keeping Unit” – is a distinct item for sale, a retail term associated with an individual product that is stocked on a shelf. As example, an oatmeal product that had 3 distinct flavour brands would represent 3 SKU's.

Profit & Loss Projections

The Profit and Loss projection statement discloses annual revenues and expenses of a business over the time period covered by the plan. For an existing business include information for at least the last one or two years.

Balance Sheet Projections

The balance sheet describes the assets, liabilities, and equity of your business at a particular point in time. It is a widely used accounting statement that indicates the economic resources of your organization and the claim on those resources by creditors. This information will allow you and your creditors to compare your estimates, as well as your past performance, against industry averages.

Cash Flow Summary

The cash flow projection may be the most difficult to prepare. Basically, it is an educated guess about when and how much money will flow in and out of your business. Your cash flow forecast will enable you to decide what you can afford, when you can afford it, and how you will keep your business operating on a month-to-month basis. This information is useful as it shows the projected increases or decreases in money needed if a bank loan is required during the year. Quarterly summaries are often adequate but occasionally monthly summaries are required for the first year of operation.