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Planning for profit (advanced business planning)

Planning for profit is an integral part of running your business. Planning for profit is a continual cycle. Plan now for your future profit and success!

Successful business planning

Successful businesses plan from both the operational (day-to-day) and the strategic (long-term) perspective. In doing so, they create a map of activities that they must follow to guide them towards achieving their goals.

In planning for the future, your business will be ready to capitalise on current and future business opportunities, better serve your customers, and increase the profit of your business.

Without a plan for how you are going to achieve your goals, your focus can easily be distracted by dealing with issues reactively, rather than proactively.

Planning action

In your own business you should ensure you have:

- Identified the strengths of your business, or what makes you successful.
- Established both short (1-2 years) and long term business goals (2-5 years).
- Set timeframes for when you should achieve the goals you have set.
- Scheduled reviews of how much of your goals you have achieved.

Tip: Use this fact sheet as a tool for assessing the planning needs of your business, and to identify how you are going to achieve your goals in the future.

The Planning for Profit approach

What must I do in order to achieve my goals? Plan the why, what, when, where, and how specific retailing activities are to take place.

1. Research

- Establish WHO you are: Consider the business you are in. Think of the benefits you provide - not just the products or services you offer. For example, a coffee shop does not sell coffee but it sells a taste sensation or pick me up.
- Know who your customers are: Establish whether your customers all have a similar need, preference or characteristic. This is often called a customer profile.



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- Conduct a SWOT analysis by asking:
 - What are the strengths (S) of my business?
 - What are the weaknesses (W) of my business?
 - What are the opportunities (O) where can I make money?
 - What are the threats (T) - current and future?
- Understand your competitor's strengths and weaknesses.
- How will you focus your business activities in order to make a profit? Ensure that the components of your marketing efforts work together as an effective 'marketing mix'. This marketing mix consists of 4 P's:
 - Product: The goods or services that you offer to meet the needs of your customers.
 - Promotion: What is the best way to have your customer respond to your promotional message?
 - Price: How will you price your products and services in order to maximise sales and profit?
 - Place: Does your location assist you to attract customers and increase sales?

2. Setting Goals

Goals are necessary to set a direction and measure performance. In order to generate profit, your business goals need to be clearly identified. The goals of every business will be unique, depending upon the information that was obtained in Step 1 - Research.

Decide which areas your business needs to focus on. These may be in response to the strengths or weaknesses that you have identified. Alternatively, they could be a picture of how successful you want your business to be.

3. Action Plan

Develop an overall plan that lists the tasks to be undertaken in order to implement your Marketing Plan and gain a competitive advantage. To write your action plan, ask yourself:

- Which capabilities does my business require to meet the needs of my customers? Refer to your SWOT analysis – capitalise on your strengths and opportunities, while protecting yourself from your weaknesses and threats. What equipment, resources and systems do you need for this to happen?
- Which are the tasks that need to be completed to achieve these capabilities?
- Who is the person best suited to complete each task?
- When do these tasks need to be completed?

These questions will assist you to:

- Devise (or revise) your Marketing Plan.
- Develop your competitive edge and attract more customers.
- Find out how to achieve your goals.
- Focus your activities so that you achieve your goals.



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4. Review

Plan to review results on a regular basis. Factors such as:

- Sales turnover (total sales).
- Number of customers and average (dollar) purchase per customer.
- Gross and net profit margins.
- Fixed and variable costs.
- Return rate of customers.
- Stock turn and levels of problem stock (stock that sells slowly).
- Staff turnover.
- Customer feedback will provide you with useful information when reviewing your plans.

Tip: After completing the Review stage, return to the Planning stage so that you can again improve your business and increase your profits. Remember that planning for profit doesn't have to be a time consuming or difficult exercise in order for you to reap maximum results.

Keys to effective planning for profit

1. Conduct appropriate research in order to set business goals.
2. Investigate - in what areas can my business improve?
3. Ask yourself if the business has achieved its goals.
4. How will I implement any changes?
5. See how your business is performing against its goals on an ongoing basis.

Further information

The following fact sheet provides further information on these issues:

- Business planning