



What's Your Plan for Expansion

By: Bruce Rector, President of The Rector Group (www.therectorgroup.com)

To contact Bruce Rector, email brector@therectorgroup.com

Businesses seeking to grow and expand need to regularly articulate how managers view the business developing over the next few years.

Engaging in regular, disciplined business planning and reviews allows managers to assess all aspects of the business. What should the outcome of this exercise be?

- Management's forecast for sales and profitability for the next few years, with detailed financial projections to support the forecast.
- A plan that details how the company will achieve the financial goals put forward, including any hiring, marketing investment, capital investment or other infrastructure expansion required to achieve these goals.

To achieve these deliverables requires management to discuss issues such as:

- What are the conditions of the overall marketplace for the company's goods or services? How are the markets reacting to current economic conditions? Are there technological or other developments that impact how the company's goods or services are being received? Are there opportunities to expand into new markets? How should the company respond to these conditions?
- How are competitors responding to current conditions? Are they changing prices, terms of contracts or other aspects of market participation that can impact the company's positioning? How should the company position itself in response?
- What are the expected sales going to be over the contemplated timeframe? Can you count on management being held accountable for delivering the goods? And, once the goal is set, what concrete steps are going to be taken by management to ensure that these goals are achieved? And what is the timeline for this to take place?
- Are there any operational issues around satisfying customers? Given the sales projections being contemplated, are there other issues that can impede delivery to meet the goals? If so, how will they be addressed, by whom and when? And at what cost?
- What potential liquidity constraints and financial issues could impede success? Is there sufficient capital to support the company? If not, does the company have access to capital in the public markets or through banking relationships? Does financial management have a plan to monitor and maintain sufficient liquidity through the time period under consideration?

The team nature of this effort will provide multiple sets of eyes and a "sanity check" on plans and proposals being put forward. By having management articulate, on paper, its view of the business's performance, managers can be held accountable to deliver the goods.

To contact Bruce Rector, email brector@therectorgroup.com

South Florida Business Journal retains the copyright to the articles published in the South Florida Business Journal (www.bizjournals.com/southflorida/). Articles cannot be republished without prior written consent by South Florida Business Journal

Date: Monday, February 22