

## **BDA Tool Two — Preparatory meditation and writing for conference registrants:**

Please read BDA Tool Two in the BDA Tools pamphlet, then spend several minutes reading and meditating on the details below. On this page, we'll share some tips for effective annual planning. On the next page, we'll provide some tips for effective goal setting. If you immediately feel overwhelmed by the phrases “annual planning” and “goal setting,” please do some writing. No long essays are necessary, just a few paragraphs or a bulleted list in direct answer to the question: “Why am I freaking out?”

*BDA Tool Two: “We write annual one-year business plans with definable and accountable goals and targets.”*

Writing a one-year financial plan, and revising it quarterly based on new information, are key to an organization's success. (Some businesses work with a “rolling” plan. As each quarter ends, they update the next three quarters’ plan and add a new fourth quarter plan, so that they are always looking at a one-year planning period.) A one-year plan facilitates clarity of intentions, improves communication of objectives, and provides the basis for evaluating performance. Most business and personal tax years, at least in the US, begin on January 1<sup>st</sup>, but our one-year business plans can start on the first day of any month, or better yet any calendar quarter, and describe our business vision for the next 12 months. Additionally, one-year financial plans:

- ... determine our breakeven and profit points.
- ... create a comparison and the basis for effective performance reports.
- ... use financial information to guide operational decision making.
- ... pinpoint controllable and uncontrollable costs.
- ... isolate problems by focusing on variances and suggesting actions.
- ... serve as a tool for organizational learning and continuous improvement.

A financial plan also helps an organization to accomplish several broadly important objectives:

- ... to translate a strategic plan into actions
- ... to establish benchmarks
- ... to help leaders to identify deviations from the vision
- ... to reinforce accountability
- ... to allocate resources

Successful financial plans are rarely based solely on profit goals. Most successful organizations develop their mission, vision, and goals first, then translate those goals into financial data and projections, then translate those projections into meaningful actions. The next page is about goal setting.

## **BDA Tool Two — Preparatory meditation and writing for conference registrants — continued:**

Using the information below, please write some SMART goals for your business or job.



Introduced to the US business community in 1981, SMART goals are an acronym for the qualities necessary for the “best-laid plans” by management and owners of businesses. This is one interpretation:

**Specific** — We define our goals in exactly the words we mean to describe the outcomes we desire.

**Measurable** — Quantify both our intentions and milestones on the way to them.

**Attainable** — Set goals that we can reach in the time stated.

**Relevant** — A set of goals is like a jigsaw puzzle; be sure all the pieces fit together.

**Time-Based** — When will our goal be completed? What are the milestones? Is the deadline extendable? Or is a missed deadline a failure on this goal?

If the SMART goals acronym shown here doesn't work for us “as is,” here are some alternatives:

**S** — Solvent, sound, strategic, simple, stimulating

**M** — Motivating, meaningful, manageable, masterful, momentum-building

**A** — Achievable, action-oriented, ambitious, aligned with vision

**R** — Realistic, reasonable, results-based, rousing, repeatable, reproducible

**T** — Time-bound, trackable, time-limited, timely, time-sensitive, testable

Beware, though, that randomly choosing appealing adjectives may cause duplication. Ensure that each letter in our personalized SMART acronym represents a unique quality of the goals we wish to set.

## **BDA Tool Two — Preparatory meditation and writing for conference registrants — continued:**

Let's get back to the business plan now. Once our goals have been established, it's time to turn our visions into numbers that we can be accountable for reaching, while also including enough details and clear enough descriptions to remember our intentions as the plan year progresses. Being clear about these details in writing, in our plan, also makes room for others to help us to achieve our financial and other goals. Others such as social media specialists, website designers, assistants (real-time or virtual), accountants, and bookkeepers. There is a downloadable workbook of the annual business plan format shown on the next pages on the BDA Help for Debtors event page at <https://www.bdahelpfordebtors.org/bda-business-planning-conference>. Please download it while it's available there and consider registering for an upcoming BDA Business Planning Conference.

There are three spreadsheets in the annual business plan template workbook described above. All categories and subcategories are editable. The three tabs will allow us to choose to plan:

- ✓ For a single month and then let the computer calculate twelve months for us.
- ✓ For three months and then be multiplied by four.
- ✓ Specific amounts for each active subcategory for each of twelve individual months. (The months are numbered rather than named since, as already noted, we can start our annual business plan in ANY MONTH. If we're not ready in January, we can get ready and start in ANY MONTH.)

In all three cases, all formulas are built into the spreadsheets. In the numeric columns, the cells for entry have been highlighted in green.

We recommend the three months of details formats, especially for new businesses, but not only for them. For most of us, projections beyond three months, are guesses and wishful thinking, not knowledge and clarity. Planning three months of detail at a time keeps us engaged and on track, rather than disengaged and overly detached from our goals and plans.

**NOTE: We cannot offer training on the use of the software related to the business spending plan template workbook described and shown here. Please seek that support elsewhere.**

The workbook is meant to be helpful, but using it is not required. We can just as effectively build our annual plan template from the current financial reporting for our businesses and seek help from our friends and fellows, or our accountants and bookkeepers, in creating a custom spending plan template.

**NOTE: Formatting and drafting annual business plans are beyond the scope of the current BDA Solvency Immersion Conference series. Please keep an eye on upcoming BDA conferences and events to be hosted by BDA Help for Debtors (<https://www.helpfordebtors.org/bda-online-events>).**

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**Your Business Name Here**  
**Business Spending Plan 2021**  
 (Based on 1 Month of Detail)

Categories and Subcategories	Type	Planned Monthly Amounts	Total Annual Plan	% of Total Income
<b>Income Category</b> Heading only				
Income Subcategory 1	Income		0	#DIV/0!
Income Subcategory 2	Income		0	#DIV/0!
Income Subcategory 3	Income		0	#DIV/0!
Income Subcategory 4	Income		0	#DIV/0!
<b>All Income Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>All Cost of Goods (or Services) Sold</b> Heading only				
Cost of Goods (or Services) Sold 1	Cost of Goods Sold		0	#DIV/0!
Cost of Goods (or Services) Sold 1	Cost of Goods Sold		0	#DIV/0!
Cost of Goods (or Services) Sold 1	Cost of Goods Sold		0	#DIV/0!
Cost of Goods (or Services) Sold 1	Cost of Goods Sold		0	#DIV/0!
<b>All Cost of Goods (or Services) Sold Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Gross Profit from Sales</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Banking, Billing, Insurance, and Licenses</b> Heading only				
Bad Debts (Receivable) and Write-offs	Expense		0	#DIV/0!
Bank Charges and Fees	Expense		0	#DIV/0!
Business Licenses	Expense		0	#DIV/0!
Industry-Specific Insurance	Expense		0	#DIV/0!
Property and Liability Insurance	Expense		0	#DIV/0!
<b>Banking, Billing, Insurance, and Licenses Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Communication and Tech</b> Heading only				
Computer Hardware and Accessories	Expense		0	#DIV/0!
Computer Software and Subscriptions	Expense		0	#DIV/0!
Internet Services and Equipment	Expense		0	#DIV/0!
Telephone Services and Devices	Expense		0	#DIV/0!
<b>Communication and Tech Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Education and Training</b> Heading only				
Business Books and Subscriptions	Expense		0	#DIV/0!
Coaching and Consulting	Expense		0	#DIV/0!
Workshops and Seminars	Expense		0	#DIV/0!
<b>Education and Training Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Industry-Specific Expenses</b> Heading only				
Industry-Specific Expenses 1	Expense		0	#DIV/0!
Industry-Specific Expenses 2	Expense		0	#DIV/0!
Industry-Specific Expenses 3	Expense		0	#DIV/0!
Industry-Specific Expenses 4	Expense		0	#DIV/0!
<b>Industry-Specific Expenses Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>

**BDA Tool Two — Preparatory meditation and writing for conference registrants — continued:**

**Your Business Name Here**  
**Business Spending Plan 2021**  
 (Based on 1 Month of Detail)

Categories and Subcategories	Type	Planned Monthly Amounts	Total Annual Plan	% of Total Income
<b>Lead Generation</b> <span style="float:right">Heading only</span>				
Advertising	Expense	0	0	#DIV/0!
Client Meals and Entertainment	Expense	0	0	#DIV/0!
Community, Donations, and Other Giving	Expense	0	0	#DIV/0!
Internet Lead Generation	Expense	0	0	#DIV/0!
Networking Memberships and Events	Expense	0	0	#DIV/0!
Print and Direct Mail	Expense	0	0	#DIV/0!
Website Maintenance	Expense	0	0	#DIV/0!
<b>Lead Generation Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Office and Supplies</b> <span style="float:right">Heading only</span>				
Depreciation and Amortization	Expense	0	0	#DIV/0!
Office Equipment and Furnishings	Expense	0	0	#DIV/0!
Office Supplies	Expense	0	0	#DIV/0!
Rent and Utilities	Expense	0	0	#DIV/0!
Repairs and Maintenance	Expense	0	0	#DIV/0!
Storage	Expense	0	0	#DIV/0!
<b>Office and Supplies Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Professional Services</b> <span style="float:right">Heading only</span>				
Accounting and Tax Prep	Expense	0	0	#DIV/0!
Legal Services	Expense	0	0	#DIV/0!
Licenses and Permits	Expense	0	0	#DIV/0!
<b>Professional Services Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Salaries and Benefits</b> <span style="float:right">Heading only</span>				
Business Owner Salary	Expense	0	0	#DIV/0!
Commissions and Bonuses	Expense	0	0	#DIV/0!
Contract Labor	Expense	0	0	#DIV/0!
Employee and Contractor Meals	Expense	0	0	#DIV/0!
Other Salaries and Wages	Expense	0	0	#DIV/0!
Payroll Processing	Expense	0	0	#DIV/0!
Payroll Taxes	Expense	0	0	#DIV/0!
Payroll-Related Benefits	Expense	0	0	#DIV/0!
<b>Salaries and Benefits Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Transportation and Travel</b> <span style="float:right">Heading only</span>				
Car Payment, Insurance, Gas, etc. OR ...	Expense	0	0	#DIV/0!
Mileage at Federal Rate	Expense	0	0	#DIV/0!
Parking	Expense	0	0	#DIV/0!
Taxis, Vans, and Car Services	Expense	0	0	#DIV/0!
Travel (Out of Town)	Expense	0	0	#DIV/0!
<b>Transportation and Travel Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Operating Expense Total</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
<b>Net Operating Profit</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>
Interest Income	Other Income	0	0	#DIV/0!
Other Pretax Expenses	Other Expense	0	0	#DIV/0!
Tax on Net Income / Profit	Other Expense	0	0	#DIV/0!
<b>Post-Tax Profit</b>	<b>Calculation</b>	<b>0</b>	<b>0</b>	<b>#DIV/0!</b>