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A Business Owner's Look at Business Planning

By Joe Nunes

I started my business 16 years ago. In the years that have passed I have read a lot about how to run a business. However, I have learned as much or more from trial and error as I have from reading. Here are the practical insights I've gained over the years on planning for business.

MAKE A PLAN

When I started out, I made a one-page plan. I won't share the intimate details of that plan—but given that it was only a page you can visualize that it wasn't very detailed. As I look back, it would have been wise to have a more detailed plan. Google was just emerging when I started. Today you can Google "business plan" and you will get 1.63 billion links in 0.24 seconds. Somewhere in there you will find a template that suits your needs and covers the bases: revenue, operations, finance, etc.

The key to a good template will be its ability to help you explain to yourself and to others where clients and revenue will come from, how you will build and pay for the product or service, and how you will finance the operation. All of this leads to a "return on investment" and tells you whether it's a good investment or not. Of course there will be intangibles that can't be measured—there may not be an economic return from being the boss—but you might gain a peace of mind that is worth more than money.

A clear plan does two things for you. First, it forces you to write down what product/service you plan to offer and identify the market (and pricing) that you expect to serve. This means that instead of being distracted thinking about these things after you "take the leap," you can turn your attention to execution. Second, if you write down your plan, you will be able to go to some trusted friends and advisers and ask them what they think. If a stranger showed you my one-page plan and asked you if you thought it would work, you would probably say "I don't know." There wasn't enough of a roadmap there to be clear.

There is a balance between jumping before you look and looking so long that you never jump. I

can't tell you how to find that balance but I can tell you to look for it so that you don't get caught in "analysis paralysis." The key is to do your homework and make a decision—"go or no go." Don't plan forever.

PLAN FOR FAILURE

I remember beating myself up when I made a \$100 mistake. I thought I needed that giant stapler and then a week later I realized that I needed a binding machine instead of a giant stapler—the stapler was quickly made obsolete. When you have minimal cash reserves and even less income, wasting \$100 hurts.

The point though is that you should expect these mistakes and not spend any energy worrying about them after you make them. I now make \$1,000 mistakes every few months and I spend less than a minute berating myself before I move on. While it is good to reflect on your mistakes to learn from them, at some point you need to just accept them and focus on what you can do better in the future.

Don't go into business for yourself if you demand perfection. I can guarantee that you will have some failures. The key is to keep the cost of those failures from putting you out of business and to learn from those failures so that you don't make the same mistake three times (there will be some mistakes you make twice before you see the pattern).

PLAN FOR CHANGE

Regardless of how brief or detailed you make your plan, things are not going to go as you expect.

My original plan was centered on the idea of work-life balance. I was going to earn less than the top consultants in Toronto—but I was going to work less doing so. By the time we had a small handful of clients I was working long hours even though I wasn't earning a lot. What had come into vision that I didn't see as part of my elaborate plan was the need to develop systems and templates that would help me long term, but which a client wouldn't pay me to build in the short term. All of this meant



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extending the number of years in which I would struggle financially.

The other thing that changed along the way was the size of the business. I planned for the business to grow from a one-man shop to a total of 2.5 people—the plan was clear: one actuary, one pension administrator, and 0.5 secretarial/administrative support. By the time I was five years into the project, demand for our services finally started to pick up. No longer was I working long hours to develop the business—now I was working long hours to deliver the work that I had promised. I now had a choice—start turning away work or hire more staff to meet the demand.

I assure you that we thought about this question long and hard—more staff ultimately would mean more income—but it also would be an infringement on the freedom I craved and at the same time would require a new level of investment. I say “we” because by that point in time I had a full-time partner with whom I was sharing the big decisions. Ultimately we voted to add more staff and to invest again to grow the business. This decision wasn't for the money; it was because in the world of defined-

benefit pension plans there was definitely a sense that you couldn't count on 10 clients to keep their pension plans in place for the 30 years I had left to work before retirement.

PLAN FOR SUCCESS

Starting your own business might be easy and you might not hit a single bump in the road—but if that happens to you, you will be one of the very lucky ones. For most, there will be challenges and setbacks. So here is the thing—you need to plan to succeed; you need to know that you are going to overcome the challenges and win the race.

Why is this so important? The reason is that you are going to face difficulties that you didn't expect—if you expected them you would have planned for them and they wouldn't have become difficulties. Most of the challenges will be problems that you have never seen before in your career—some of them will appear to be “make or break” situations for the business. If you go into this thinking that you “*might* be successful” then all of these challenges are going to have you wondering if this is the moment when you need to pack it in. If you ask yourself too often if it is time to pack it in, eventually you will.

Some accuse me of being a “delusional optimist,” while others call me a “driven entrepreneur.” Either way, you need to have the mindset that you are going to succeed to give yourself the confidence to continue in the face of adversity.

This has been a long week for me with a difficult transition to a new computer system. We have kept up our productivity through the ordeal, and we are nearly out the other side to a new state-of-the-art platform—but there were some tough times this week at which point it would have been easy to quit if I wasn't fully committed (and fully invested) in this adventure.

PLAN YOUR SUCCESS

I mentioned earlier my central goal of a nice work-life balance. I am smiling at this thought as I sit in



the office on a statutory holiday using the time to catch up on work that I couldn't get done during the week. I probably could have stayed home today but my teenage boys have taken to sleeping in until lunch so I am not cutting too deeply into family time being here this morning.

The bigger point is that if things go well you might be very successful—but if you are not careful you might not get the success that you set out to achieve. You might have more clients, more revenue, and more staff than planned, but it might come with less free time (my situation). My kids are still young enough to think that success equals money—although one of them is starting to think that money is more of a means to an end rather than the goal itself.

I now spend much more time trying to build relationships with my family that I neglected in the busy years, and I go to the gym three or four times a week trying to rebuild a body that I have neglected, so that it will carry me for the next 30 years. Although from the outside I appear to be

“successful” my success is not as well-rounded as I would like, and I am trying to make up ground in areas that haven't had the attention in the past that they deserved.

When thinking about defining success I tell my kids three things:

First, define success carefully so that when you get there you are happy with what you have.

Second, plan a lifestyle based upon the income you will earn doing what you want to do—don't plan to earn an income doing something that you don't enjoy to support a lifestyle that you don't want or need just because someone else has that lifestyle and tells you that you should too.

Third, eat well and exercise your body—regardless of what you choose to do in life, you need a healthy and strong body to get you there. ●

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