

Dynamic LIFTOFF Business Plans



PURPOSE, SCOPE, AND OBJECTIVES

The purpose of dynamic **LIFTOFF Business Plans** is to provide entrepreneurs with the tools that they need to explore the risks and opportunities in different business ventures. Traditional business plans are focused on providing information to financiers and/or investors to solicit startup funding, which is only a small part of the overall information the entrepreneur needs to make sure their venture remains profitable, despite facing change as the only constant in the marketplace. Traditional business plans become outdated in a short time, so that they no longer serve as a roadmap to achieving success.

Dynamic **LIFTOFF Business Plans** support the real purpose of what planning is about, to look at trends and external events, and to evaluate how that can affect the health of the business venture. By default, it reflects a 5-year outlook to make sure that there is no short-term view (as is common in low-cost manual business plans) and by virtue of being dynamic it can be quickly updated to reflect current marketplace forecasts. This puts the entrepreneur in a strong position of anticipating potential change that they can prepare for, so that if the event happens, they can trigger the proper strategy to survive the event and then thrive by beating their competition to the punch.

Dynamic **LIFTOFF Business Plans** also support the (semi-)annual budgeting process, using a planning paradigm rather than a typical escalation rate. That means evaluating the strengths of different business units, or divisions, or product lines, or evaluating the product and/or services mix to ensure there is sustained demand for what is offered for sale. If the business is poised for scaling the simulation tools can help you to explore the appropriate growth initiatives to achieve the desired profit growth.

The scope of dynamic **LIFTOFF Business Plans** is to support any size business venture with the same fundamental planning methodology, albeit that for small business ventures we recommend the **LIFTOFF_LITE** version that is more compatible with a "Do-It-Yourself" approach that small entrepreneurs may prefer, as it is easier to learn how to use this. It is just as flexible in terms of looking at different scenarios for business location, products mix, customer demographics and psychographics, startup costs, operating costs, and other factors, but there is no simulation engine included in this version.

The **LIFTOFF_FULL** version is ideal for medium to larger size business operations where there may be many more input factors involved, which can benefit from having the actual simulation engine to evaluate combinations and permutations of input values to explore the combined impact on overall profitability. Unlike a Monte Carlo simulation, this uses a discrete approach rather than random numbers, which is more computation intensive, but the results are much easier to interpret than Monte Carlo statistics as they are shown in pro-forma financial statements.

There is also a **LIFTOFF_CORP**orate option that allows this software to be deployed in a distributed planning environment across a corporate intranet, using intermediate server support to facilitate data access security constraints.

The objectives of dynamic **LIFTOFF Business Plans** are based on the proactive evaluation of risks and opportunities in different ways to launch and operate a business venture. What is most critical is the ability to ensure due diligence in exploring the best alternatives in terms of what business structure to use, where to locate the business, and so on. With a traditional business plan that puts all the energy into a single instance of how a venture may be structured you have no idea how close you are to an optimal business design. A poor business design will have a negative impact on profit potential.

A typical problem is trying to scale the business to accommodate a higher sales volume, but scaling a poorly structured business can easily lower its profit potential by driving up the operating costs. The idea behind simulating different "what if" scenarios like this is to explore the different tiers within the growth potential, and to see if (and how) there are opportunities to grow through temporary profit reductions when you must increase staffing and add supervisors at certain growth stages and when that staffing increase is going to be reflected in greater production volumes to deliver higher profits.

The nature of dynamic **LIFTOFF Business Plans** as management tools that can adapt to many different business ventures makes it more challenging than a traditional business plan (which sooner rather than later converts into a dust magnet). While entrepreneurs with a start-up mindset might not immediately see the benefit of using simulation, there is always the analogy of erecting a multi-story building, where adding floors is limited by the original foundation and the capacity of the support framework that holds up floors. If that is under-designed the potential to make the building taller will be limited.

Regardless of what size business venture you start with, it is important to know at what point the initial facilities will be outgrown, and the venture will have to be moved into a larger space. Knowing that and evaluating how to manage subleases on spare floorspace that can accommodate future growth, is another great application of the simulation tools to minimize the potential business disruption from having to relocate to a new location.