

A Working Plan?

Or, how to write a practical, fundable, business plan

by Mohit Malik

“It’s a funny thing”, chuckles Aroon Purie, “but actually India Today was born out of a failure.”

Purie, as most readers will know, is the Editor-in-Chief and CEO of The India Today Group. Launched 30 years ago, India Today, the flagship publication of the group is a success that was never planned as one. At least, not in its present avatar. The original business plan of India Today called for something very different.

“It does not fit my plans”

An entrepreneur I recently started working with, let us call him Ajay, got a deal he had been hoping for. This was exactly how the business plan said it was supposed to be. *And he chose not to go ahead with the deal.*

As he had originally visualized in the business plan, this was a welcome development, but going ahead would have meant having a unviable and unsustainable business on his hands.

His reaction, after we thoroughly discussed the implications of the deal, was, “it does not fit my plan!”.

As Ajay found out, at times the assumptions on which the business, or specifically, the business model is built, might not be too robust. Purie also discovered something similar.

India Today was conceived as a magazine catering to the non-resident Indian market. Thirty years ago, when the internet and satellite television didn't exist, the telecom infrastructure was creaky and the postal service not too great either, the Indian diaspora didn't have many communication links with the mother ship. India Today was meant to fill this gap through providing them with the news from "home".

While Purie and his team developed a good product to cater to this need, the logistics turned out to be a different matter. "The fact is that we didn't realise how difficult it was to market such a product to Indians living abroad" he acknowledges.

Distributing the magazine was also a nightmare. "Indians are scattered all over the place", he discovered, "it's very difficult and expensive to reach them".

Since the original plan wasn't working out, as an experiment, "we put some copies into the domestic market", he recalls, "and discovered that there was a greater degree of acceptability".

"Soon, from that point on, we started building on the domestic market". You know the rest of this amazing success story.

Ajay could have also gone ahead because "the plan" called for it. But he too wisely chose to walk away.

"No battle plan", Field Marshall Helmuth Karl Bernhard von Moltke famously remarked, "survives contact with the enemy." As experienced entrepreneurs, investors and executives will vouch, no business plan survives contact with the marketplace either.

There are three reasons for this:-

- The market realities are different.
- The marketplace changes. And,
- Mistakes happen in execution.

These two instances are the ones where the assumptions underlying the business plan were somewhat different from the marketplace reality. Ideally, neither Purie or Ajay should have got to that stage had they stress-tested the key assumptions in the business plan. But, it is natural, and happens often.

Most of the entrepreneurs who come to us for help with developing a "fundable" business plan usually have similar assumptions in their base models. Assumptions which, perhaps, do not fully reflect the marketplace realities. As we then

discuss, the potential investors too will have no trouble figuring it out either.

The choice then, is between trying to reframe reality or accepting it.

And reality, after all, "is that which, when you stop believing in it, doesn't go away". If I choose not to believe in it today, the marketplace, which is unforgiving, will anyway make sure one day that I do.

But entrepreneurs, by definition, are optimistic creatures. No new business, technically, ever has any hope of succeeding. When it does, it is entirely due to this optimism, the passion and indefatigable enthusiasm of the founders.

*So how do **you** make sure that you too invest your passion and enthusiasm in something more productive and not in chasing a mirage?*

Objectivity, naturally, helps. You can prevent spilling a lot of blood if you use a voice of reason to objectively assess your business plan. The earlier the better. Ask a few people, whose judgment you trust, for their comments. If most of them point to the same issue(s), chances are, you will need to rework your plan.

Research. Research. Research, doesn't have a substitute either. Another

entrepreneur has a plan for a me-too product. He intends making it a greater success through aggressive marketing. To help him look at his plan from a different perspective, the only question we asked was, why competitors, also venture-funded, were not doing it already? Of course, we helped him discover the answer and, more importantly, in moving to the next stage.

Does the plan make sense?

You too can easily create a functional and fundable business plan by, first, identifying the assumptions that form the basis of your plan. And then, testing them for validity. Are they driven by hope, or facts? Data, or, opinions? The investors, anyway, will.

You will also, I assure you, get better results, faster. While saving yourself a lot of trouble. Precious time and money too.

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About the Author



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About the Leadership and Strategy Practice Mohit says, "We have made every mistake we ask you to avoid and broken every piece of advice we give. Whatever we know about leadership and strategy has been learned the hard way".

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Mohit also offers "Creating Workable Business Plans" as an insight-packed and engaging talk and is available to speak with your group or organization.

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