

## Dust off your business plan and put it to good use

by Scott Watkins, Anderson Economic Group



It is probably safe to assume that it has been quite some time, most likely a number of years, since most business owners last revised or even thought about their business plan.

This is perfectly fine, assuming nothing has changed since the day your business started. But that's an unlikely proposition, even if your business is only a year or two old.

The economic changes of the last year alone are significant enough to merit a fresh look at your business plan, not to mention the adjustments that competitors have made, the availability of new products, and the emergence of new technologies that allow real-time communications with customers and suppliers.

Your business plan should *not* be viewed as a requisite document compiled only to satisfy lenders and investors. You likely put some real effort and money into developing it. As such, you should expect to extract some additional value from it. And you *can*, assuming you are willing to put in some additional effort on a regular basis to maintain it.

Perhaps the most important part of your business plan to regularly review and revise is the market and customer analysis section. Other aspects of your plan, such as product line and mission statement, are largely within your control. The wants and needs of your customers, and the market surrounding your business, however, are factors that you cannot dictate.

There are a number of resources available to help you keep tabs on your customers and market area. The U.S. Bureau of Labor Statistics releases monthly labor force reports for 17 metropolitan areas in Michigan, providing timely information on employment levels in your market area (see last month's article, "How to find economic data for you own backyard"). The U.S. Census Bureau's American Community Survey ([www.census.gov/acs](http://www.census.gov/acs)) is also a good source. It provides population, age, income, education, housing, and other useful information to demonstrate how a market, and your customers in that market, are changing. However, these data are only available for major cities and aren't the easiest to access and analyze.

For those wanting to simplify the task of regularly updating their market research, there are consultants who specialize in doing just that. Fortunately, this doesn't always mean breaking the bank.

Anderson Economic Group offers *Market Snapshots* — custom analyses for a retailer's exact location and primary and secondary market areas. The reports include: an identification of your market area, measured by drive-time from your store's location; and 2009 and 2014 projected data on population by age, household income levels, educational attainment, and consumer spending levels by retail category.

*Snapshots* also provides a written analysis of the data, along with a detailed data table and custom maps illustrating population density, income levels, and growth patterns in the area surrounding your location. You can find out more about the reports, which are priced at \$950, at [www.AndersonEconomicGroup.com/marketshapshot](http://www.AndersonEconomicGroup.com/marketshapshot).

Just plugging new market and customer data into your business plan, while a nice first step, won't do much good if you don't take the time to understand what it all means.

Do the data show an increase in renter-occupied housing within a 5-minute drive of your location, or a drop in the number of households in upper-income brackets? If so, how can you change your product lineup and advertising strategy to draw in this new breed of customer? Or perhaps the data show customers in your area spend much more, on average, on computer products, but you know for a fact that there isn't a computer store within 20 miles. This may signal an opportunity to fill a void in the market, capturing local customer spending that now occurs elsewhere because their desired products are not locally available.

As the environment around your business continues to change, be sure that your business plan does, too. By doing so you can keep pace with your customers, and stay a step ahead of your competitors.

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