



STRATEGIES

PLAN B (AND C AND D AND...)

Craig Knouf has revised his business plan more than 120 times in seven years

MANAGEMENT EXPERTS advise entrepreneurs to revisit their business plans regularly. After all, circumstances change, and if tactics and goals don't change along with them, a business strategy can grow stale awfully fast.

Still, it's hard not to wonder whether Craig Knouf has taken such advice a tad too far. The CEO of Associated Business Systems, an office-equipment supplier based in Portland, Oreg., simply cannot keep his hands off his business plan. Since founding his company in 1997, Knouf figures he's revised his original business plan more than 120 times, revisiting the 30-page document on a monthly, quarterly, and annual basis. Running his company any other way, Knouf says, "would be like driving a car with no steering wheel."

Knouf is in the minority. In fact, most business owners reexamine their business plans only once a year, unless they are applying for a loan or seeking investment capital, says Ed Rogoff, author of *Bankable Business Plans*. After that, the plans go back in a drawer until the next annual checkup. Yet many experts warn that once or twice a year is not enough. "The world turns; things change," says Eric Siegel, a lecturer at the

Wharton School and president of Siegel Management Co., a consulting firm in Bryn Mawr, Pa. "What you commit to a document on Dec. 19 is not necessarily appropriate on Jan. 19."

Knouf couldn't agree more. So every 30 days, he distributes Associated's business plan to his seven vice presidents. The VPs review the plan, comparing their divisions' current results with goals established the previous month. If the two don't match, they consider why and rewrite the business plan accordingly. Quarterly reviews take the same approach to three-month goals. Plus, there's an annual two-day meeting to discuss and refine long-term objectives. Such relentless planning, Knouf says, helped the 110-employee company reach \$21.5 million in sales in 2003. "If you only looked at the plan every quarter, by the time you realize the mistake, you're five months off," says the 45-year-old entrepreneur. "You're done. You're not going to get back on track."

The strategy has a tendency to send Knouf's business in unanticipated directions. He never guessed that sales of scanning software would be a big part of his

A (NOT SO) SIMPLE PLAN: Knouf rethinks strategy every month.

business, for example. But several years ago, with each monthly checkup, Knouf

noticed a slight uptick in demand for scanning capability. Because he updates his business plan every month, he was able to react quickly, adding such software—which had not even been part of his original strategy—to Associated's array of products. The result: In 2004, Knouf expects such sales to reach \$3.1 million, double that of 2003.

What's more, the plans provide a highly detailed, written record of his company's evolution—something that banks love, says Knouf, who claims never to have had a problem getting a loan. That doesn't surprise Dana Drago, president of small-business banking at Bank of America. "If he gets into trouble, he's got a plan," which is exactly what lenders like to see, she says.

Associated's management team recently emerged from its 2004 planning meetings with ambitious goals for the year—these include 20% internal growth, as well as an acquisition to boost market share. For now, such milestones seem reachable. But if things change, Knouf is ready to change right along with them. **Nicole Gull**