The Simple Business Plan

Six Components. One Purpose. Every Year.

I asked a gathering of business owners who planned to eventually sell their business. Almost every hand went up. Then I asked: when that mythical creature called a buyer shows up, how will they value your business?

The room fell silent.

They weren't sure. These were smart, successful owners who had spent years building something, and they didn't know how a buyer would value what they'd built. They thought in terms of revenue, or market share, or how hard they'd worked. Buyers don't think that way.

The answer is adjusted EBITDA or discounted cash flow. A buyer looks at your earnings, normalizes them, stripping out one-time expenses, owner perks, and costs that won't transfer, and applies a multiple. That multiple goes up when your business is well-run, profitable, and not dependent on you personally showing up every day.

That's why we write a business plan every year. Not for the bank. Not to satisfy an investor. For one reason: to make certain your business is more valuable and better run on December 31st than it was on January 1st.

> *Every dollar you add to Adjusted EBITDA adds 3–5 dollars to the value of your business. That's not a platitude. That's math. And math is a good reason to plan.*

When I ask my Vistage CEO groups why they write a business plan, I get: set goals, establish metrics, communicate direction. One member always adds 'to keep Jim off my back.' Good answers, but they're the results of planning, not the reason to plan. The reason is value. When CEOs understand that, the whole exercise changes. It stops being an obligation and becomes a strategic tool.

This chapter lays out the framework I use with every CEO I work with. Six components. No 40-page document. No consultant-speak. A plan any owner of a $1M–$100M company can complete in a day and actually use.

THE FRAMEWORK

Six Components, One Purpose

The six components are designed to work as a system, each one informing the next, all of them serving a single purpose: increasing the value of your business.

- 3-Year Vision: a specific, measurable picture of where you're going
- 3–5 Most Important Things (MITs): the must-do actions for this year
- A Focused SWOT: tied directly to your MITs, not a 40-item inventory
- Current Org Chart: an honest map of today's bottlenecks
- Future Org Chart: the team you need to execute your vision
- 1 and 3-Year Financial Forecast: with Adjusted EBITDA, cyclicality, and documented assumptions

Let's walk through each one.

COMPONENT ONE

The 3-Year Vision

Start here. Everything else flows from this.

Your 3-Year Vision is not a mission statement. It's not a values declaration. It's not a wish list. It is a specific, measurable picture of your business three years from today, described in terms your team can understand and your accountant can verify.

Most owners, when I push them on this, start talking about culture or their people or how they want to feel about coming to work. All of that matters. But a vision that can't be measured is a dream. We're building a plan, not writing a song.

> *Think in concrete terms: revenues, headcount, markets, culture, ownership structure, and what the business is worth. If your accountant can't look at your vision and tell you whether you hit it, it isn't specific enough.*

How to Build It

Define 3–5 focus areas, each with a measurable three-year target. Examples from CEOs I work with:

- Revenue: Grow from $8M to $15M
- Profitability: Sustain a 12% net profit margin
- Team: Build a leadership team that runs day-to-day without me
- Market: Become the top-of-mind provider in our niche in Southern California
- Value: Position the business for sale or transition at 4x EBITDA

The vision doesn't have to be perfect on the first try. It has to be specific enough to inform your decisions this year. Write it down, commit to it, refine it annually. It's a living target, not a carved-in-stone declaration.

One more thing: the 3-Year Vision is not the same as a 3-year financial forecast. The vision is the destination. The financial forecast (which comes later in this chapter) is the math that tells you whether you can get there.

The Template

Fill this in before you touch anything else in this chapter.

#	Area of Focus	Measurable Target (3 Years)
1		
2		
3		
4		
5		

COMPONENT TWO

Most Important Things: The MITs

You have a 3-year destination. Now you need to identify the 3 to 5 actions that, if completed this year, will move your business meaningfully closer to it.

Not the 15 things on your list. Not the ones you'd like to do. The ones you must do.

I call them MITs, Most Important Things. The concept is simple. The discipline required to actually follow it is harder than it looks.

> *The discipline is in the constraint. If everything is a priority, nothing is. Force yourself to the three to five actions that truly move the needle and make them non-negotiable.*

What Makes a Good MIT

Each MIT must be SMART: Specific, Measurable, Attainable, Realistic, and Time-dated. Beyond that, each one needs four things:

- A clear outcome: not an activity, but a result
- A single owner: one person accountable for completion, not a committee
- A specific due date: not 'end of year,' a month and day
- A binary status: on plan or not on plan. No partial credit.

Common MIT categories: Talent. Systems. Sales. Financials. Leadership. In my experience, most small business owners need at least one MIT in the talent category every year, because the talent gap is almost always the binding constraint on growth.

A word of warning: I've watched smart CEOs build a list of ten 'most important things.' That list has no most important things on it. It has ten equally important things, which means none of them get the attention they need. Pick three. Own them. Then add a fourth or fifth only if the first three are truly on track.

The MIT Tracker

#	Most Important Thing (MIT)	Owner	Due Date	On Plan?
1				Y / N
2				Y / N
3				Y / N
4				Y / N
5				Y / N

FROM MITS TO EXECUTION

The 90-Day Sprint

A 12-month goal sitting on paper doesn't move a business. Execution does. And execution requires a rhythm: a structured cadence of accountability that runs from the annual plan all the way down to what gets done today.

The 90-day sprint is that rhythm. Five levels, each feeding the next.

Level 1: The 90-Day Sprint: What must we achieve in the next 90 days?

Take each MIT and ask: what is the specific, measurable outcome we must deliver in the next 90 days to stay on track? A 12-month goal becomes four 90-day commitments. Name them. Assign them. Write them down.

#	90-Day Sprint Goal (tied to MIT)	Owner	On Track?
1			Y / N
2			Y / N
3			Y / N
4			Y / N
5			Y / N

Level 2: 30-Day Tasks: What has to happen this month?

Break each 90-day goal into concrete deliverables with a single owner and a deadline. If you can't name who is doing it and when it's due, it isn't a task yet. It's a wish.

#	30-Day Task	Owner	Due Date	Done?
1				Y / N
2				Y / N
3				Y / N
4				Y / N
5				Y / N

Level 3: Weekly Check-In: What has to get done this week, and by whom?

Every week the leadership team answers three questions: What did we commit to last week? Did we do it? What are we committing to this week? This is not a status report. It is a commitment session. Short, focused, non-negotiable.

#	This Week's Commitment	Who	By When	Done?
1				Y / N
2				Y / N
3				Y / N
4				Y / N
5				Y / N

Level 4: The Daily Huddle: Who does what today to move us forward?

10–15 minutes. Standing up. Same time, same place, every day. Three questions only: What did I get done yesterday that moved us forward? What am I doing today? Where am I stuck? No agendas. No PowerPoints. No status reports. Just commitments.

The daily huddle surfaces blockers before they become crises. It drives daily accountability down to the individual. It keeps 30-day tasks from slipping into next month. And it takes fifteen minutes.

Meeting	Cadence	The Three Questions	Purpose
Daily Huddle	Daily | 10–15 min standup	Done yesterday? Doing today? Where am I stuck?	Surface blockers. Drive daily accountability.
Weekly Check-In	Weekly | 30–45 min leadership team	What did we commit to? Did we do it? What are we committing to this week?	Keep 30-day tasks on track. No surprises.
Monthly Staff Meeting	Monthly | Full team | No-surprises	Are we on plan? What's at risk? What needs a decision?	Full visibility. Shared accountability.

The monthly staff meeting is the no-surprises meeting. If the daily huddle and weekly check-in are working, nothing in the monthly meeting should shock anyone. Every department reports. Every number is on the table. Shared accountability, not a presentation to the boss.

Level 5: The 90-Day Review: What got done? What didn't? What's next?

At the end of every sprint, stop. Don't just roll into the next quarter without looking back. The 90-day review is where the plan gets smarter.

If a goal was missed, ask three questions in order: Was it truly a priority? What stood in the way? What will you do differently? This is not a blame session. It is a learning session. The businesses that get good at this get better every quarter.

Question	Your Answer
What got done?	*List completed sprint goals. Celebrate them.*
What didn't get done?	*Be honest. No rationalizations.*
Why didn't it get done?	*Root cause only. Was it truly a priority? What got in the way?*
What carries into the next 90 days?	*Is it still a priority? If yes, what will you do differently?*
What are the next 90-day goals?	*Set the next sprint. Repeat the cycle.*

COMPONENT THREE

The Focused SWOT

Every business school teaches the SWOT analysis. Most of them end up in a drawer, and for a reason: traditional SWOT analyses try to capture everything about the business. They become encyclopedic, which makes them feel thorough and renders them useless.

Here's the rule that fixes it: if it doesn't connect to an MIT, it doesn't go in the SWOT.

> *This is not a comprehensive assessment of your business. It's a focused set of factors that will determine whether you achieve your 12-month goals. Nothing more, nothing less.*

Each Quadrant Has a Specific Job

- Strengths: What will you leverage to achieve your MITs? Not a general list of things you're good at, specifically the capabilities that will drive your 12-month goals.
- Weaknesses: What must you fix or eliminate so your weaknesses don't cause you to miss your MITs? This requires honesty. Most owners know exactly what these are. They just don't like writing them down.
- Opportunities: What must you capture this year to stay on track for your 3-year vision? A market shift, a customer segment, a partnership that could accelerate your plan.
- Threats: What could blow up your year? Think fax machines and video rental: the thing you can see coming but haven't planned for. Write the contingency plan now so you're not frozen if it happens.

3–5 entries per quadrant. Be specific. 'Competition' is not a threat. 'Competitor X launching a lower-cost version of our core product in Q2' is a threat. The difference between those two entries is the difference between a SWOT that changes how you operate and one that collects dust.

STRENGTHS *What strengths will you leverage to achieve your MITs?* 1. ______ 2. ______ 3. ______ 4. ______ 5. ______	**WEAKNESSES** *What weaknesses must you fix or eliminate to achieve your MITs?* 1. ______ 2. ______ 3. ______ 4. ______ 5. ______
OPPORTUNITIES *What opportunities must you capture to stay on track for your vision?* 1. ______ 2. ______ 3. ______ 4. ______ 5. ______	**THREATS** *What could blow up your year? Think fax machines and video rental.* 1. ______ 2. ______ 3. ______ 4. ______ 5. ______

COMPONENTS FOUR AND FIVE

The Organization Charts

In this plan, the org chart is a strategic document. Not an HR artifact. Not something you draw once and file. A strategic document. And you need two of them.

The Current Org Chart

Map your business exactly as it is today. Every role, who holds it, who reports to whom. Be honest. If you are personally filling three roles that should belong to three different people, show that. If one person is a single point of failure (if they left tomorrow and the business would stumble), show that too.

The current org chart is a diagnostic tool. It immediately reveals where you are the bottleneck, where you have talent gaps limiting growth, and where the org structure itself is working against your plan. Most owners, when they draw this honestly for the first time, find the picture more revealing than uncomfortable. It tells them exactly where to focus.

The Future Org Chart (2 Years Out)

Now design the organization you need to execute your 3-year vision. Not the org chart you wish you had. The one you actually need to deliver the results in your plan.

Two years is the right horizon. Far enough out to be meaningful, close enough to be actionable.

> *The gap between your current org chart and your future org chart is your people plan. It tells you who to hire, who to develop, in what order, and when. That gap should be reflected directly in your MITs.*

If the future org chart shows a VP of Sales that doesn't exist today, and your revenue growth depends on that person being in place by Q3, then 'Hire VP of Sales' is an MIT, and the 90-day sprint framework tells you exactly what has to happen between now and then.

CURRENT ORG CHART	FUTURE ORG CHART (Year 2)
Insert current org chart here	*Insert future org chart here*

COMPONENT SIX

The Financial Forecast

Numbers don't lie. Your financial forecast is the reality check on everything else in this plan. Not a comprehensive model, but a high-level view that tells you whether your vision is financially viable and helps you spot problems before they happen.

> *The goal is not precision. It's direction. If we hit our MITs and execute on our vision, does the financial math work? If not, something in the plan has to change. Better to know that in January than in October.*

What Is Adjusted EBITDA and Why Does It Matter?

EBITDA stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. Adjusted EBITDA takes that number and normalizes it, removing one-time expenses, owner perks, non-recurring items, and other costs a buyer would not carry after the sale.

This is the number a buyer uses to value your business. Apply a market multiple to your Adjusted EBITDA and you have a purchase price. In most small business transactions, that multiple ranges from 3x to 6x depending on your industry, growth rate, and how dependent the business is on you personally.

> *Example: $2M in Adjusted EBITDA at a 4x multiple = an $8M business.*
>
> *Every dollar you add to Adjusted EBITDA adds $4 to the value of your company.*
>
> *That is why it belongs in your annual plan, not just on your exit planning checklist.*

Build the forecast from the top down using industry benchmarks as reference points. Know your gross profit margins. Know your operating expense ratios. If you don't, that becomes an MIT, because you cannot manage a business you can't measure.

The One-Year Forecast by Quarter

Forecast the current year quarterly. The quarterly view is important for two reasons. First, it forces you to build cyclicality into the numbers. More on that in a moment. Second, it gives you something meaningful to compare against at each quarterly review.

	Q1	Q2	Q3	Q4	Full Year	Notes / Assumptions
Revenue / Sales	$	$	$	$	$	
Gross Profit %	%	%	%	%	%	
Operating Expense %	%	%	%	%	%	
Net Profit ($)	$	$	$	$	$	
Net Profit %	%	%	%	%	%	
Adjusted EBITDA ($)	$	$	$	$	$	
Adjusted EBITDA %	%	%	%	%	%	

Cyclicality: No Straight-Line Forecasts

Most businesses experience some form of cyclicality: seasonal revenue swings, slow months, peak periods, or industry patterns that repeat year after year. You have to know when yours occurs and what causes it. If you don't, you will make the wrong decisions when you review actual results against forecast.

A straight-line forecast, where every quarter looks roughly the same, is almost always wrong. If Q1 is historically your slow quarter and you forecast it flat, a miss in Q1 looks like a crisis when it's actually normal. If Q3 is your peak quarter and you didn't plan for it, you'll be understaffed and underprepared going into your busiest period.

Build the pattern into the numbers before you build the numbers.

> *Ask yourself: When is your slow season, and why? When is your peak, and why? Is the pattern driven by weather, budget cycles, holidays, school calendars, or your customers' business cycle? Name it, quantify it, and build it into every quarterly column. Comparing actuals to a realistic forecast is the only way to know if you're truly ahead or behind.*

Memorialize Your Assumptions Right Now

Every number in your forecast rests on assumptions. The price you expect to hold. The new hire you're counting on being productive by Q2. The contract you expect to renew. The marketing spend you're betting on to drive Q3 revenue. Write those assumptions down on this page, next to this forecast, because six months from now you will not remember what you were thinking when you built these numbers.

This matters most at your quarterly reviews. When actuals come in different from plan, and they will, the assumptions tell you why. Without them, you're just looking at a variance and guessing.

> *At each quarterly review, ask two questions about every assumption: Which assumptions are working, and can we do more with them? Which assumptions are not performing as planned, and how do we pivot? The forecast is not a scorecard. It's a learning tool.*

Key Forecast Assumptions

Category	The Assumption We're Making	Quarter	Working? Do More?	Not Working? Pivot?
Revenue	*e.g. New hire productive by April; Contract X renews at current price*	*Q2*		

The 3-Year Forecast

The 1-year forecast is your operating plan. The 3-year forecast is your strategic reality check. Use it to answer the question the 3-year vision raises: if we execute this plan, does the financial math produce the outcome we're aiming for?

	Year 1	Year 2	Year 3	Notes / Assumptions
Revenue / Sales	$	$	$	
Gross Profit %	%	%	%	
Operating Expense %	%	%	%	
Net Profit ($)	$	$	$	
Net Profit %	%	%	%	
Adjusted EBITDA ($)	$	$	$	
Adjusted EBITDA %	%	%	%	

Questions to stress-test the 3-year numbers:

- If revenue comes in 20% below plan, do we survive?
- Is gross profit trending up, flat, or down, and why?
- Are operating expenses growing slower than revenue?
- Is Adjusted EBITDA growing in absolute dollars year over year?
- What is this business worth at Year 3 Adjusted EBITDA at your industry multiple?

PUTTING IT TOGETHER

How the Components Work as a System

Each component of this plan is designed to feed the next. None of them works as well in isolation as it does in the system.

3-Year Vision	→	Defines the destination. Everything else serves getting there.
MITs	→	Translates the vision into 3–5 non-negotiable 12-month actions.
SWOT	→	Identifies what helps or hinders your MITs, nothing more, nothing less.
Current Org	→	Shows where your people gaps and bottlenecks are today.
Future Org	→	Maps the team you need to execute your vision and drives your hiring plan.
Financial Forecast	→	Validates the math and keeps you honest about what growth actually costs.

Treat it as a living document. Review it quarterly. Update it annually. Use it in your leadership meetings. The first year supports the second, which supports the third. Each year, done right, makes the business more valuable than it was the year before.

WHAT GETS IN THE WAY

The Most Common Mistakes

1. Writing the plan and filing it away.

A business plan is not a deliverable. It's a discipline. If it isn't reviewed quarterly, it's wallpaper. The plan only creates value if it changes decisions, and it can only change decisions if it stays in the room.

2. Too many MITs.

If you have ten 'most important things,' you have zero. The constraint is the point. Most owners resist this. They feel like narrowing to three means abandoning everything else. They're not abandoning it. They're sequencing it. Get the first three done, then revisit.

3. A SWOT that covers everything.

Tie it to the MITs. If a factor doesn't affect your 12-month priorities, cut it. A SWOT with forty items is a brainstorm, not a plan.

4. Skipping the financial forecast.

This is where owners hide from reality. The numbers tell you whether the plan is achievable or aspirational. If you don't know your gross margins, your operating expense ratios, or your Adjusted EBITDA, you're flying blind, and your plan is a story you're telling yourself.

5. Ignoring the org chart gap.

You cannot grow a business without the team to grow it. The people plan is not optional. The gap between your current org chart and your future org chart doesn't close by itself.

6. Building the plan in isolation.

The best business plans are built with input from the leadership team, and shared with them. Your team can't execute a plan they've never seen. Alignment is a force multiplier. A plan that lives only in your head is a plan that only one person can act on.

FINAL THOUGHT

The Plan Is the Discipline

In eighteen years of working with small business owners, the plans that work share one trait: they're written by leaders who believe the act of planning is itself a discipline that makes them better. Not the document. The discipline.

This plan takes an honest leader about a day to complete. It doesn't require a consultant. It doesn't require a business school education. It requires clarity about where you're going, honesty about where you are, and the discipline to write it down and hold yourself accountable.

The plan is the smallest version of that discipline. The daily huddle is the smallest version. The quarterly review is a slightly larger version. They all serve the same master.

> *The goal isn't a perfect plan. The goal is a business that's worth more and better run at the end of the year than it was at the beginning. Everything in this chapter is designed to get you there.*

Chapter Summary

- Write a business plan every year for one reason: to make your business more valuable and better run on December 31st than it was on January 1st.
- The six components (3-Year Vision, MITs, Focused SWOT, current and future org charts, and financial forecast) work as a system. Each feeds the next.
- MITs are the 3–5 non-negotiable actions for the year. The constraint is the point: if everything is a priority, nothing is.
- The 90-day sprint breaks annual goals into quarterly commitments, monthly tasks, weekly check-ins, and a daily huddle. This is how a plan becomes execution.
- The focused SWOT is tied directly to your MITs. If it doesn't connect to a 12-month goal, it doesn't belong in the SWOT.
- The gap between your current and future org charts is your people plan. That gap should drive your hiring MITs.
- Never build a straight-line forecast. Know your cyclicality. Memorialize your assumptions the day you build the numbers. You won't remember them six months later.
- Adjusted EBITDA is the number buyers use to value your business. Every dollar you add to it adds 3–5 dollars to what your business is worth.
- The most common mistake: writing the plan and filing it away. Review it quarterly. It only creates value if it changes decisions.