

The Business Plan is dead. Long live the Business Plan!

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"In preparing for battle, I have always found that plans are useless, but planning is indispensable"
(Dwight D. Eisenhower).



Entrepreneurship is a hot topic. And lately, it seems to be very fashionable to scream out loud that the phenomenon of the Business Plan is useless and outdated. Burn your Business Plans!

It is striking to see that those who make such claims about the Business Plans being history usually transmit their opinion by means of an extremely simplistic message. Probably because of issues of commercial interest, academic prestige or the search for quick fame in the business world; the *arguments* are narrowed to: in favor vs against, yes vs no, useful vs useless. In other words, very much black or white, no room for the many shades of grey

that exist in real life.

Now, people interested in useful learning outcomes for their real business situations will take the time to get to know the different options that exist. They will make an effort to understand how they can mix the different existing ingredients to come up with the best possible recipe for their particular situation. However, there are also many who, because of lack of time, lack of interest, or lack of understanding, will mainly remember the headlines and thus be directed to a path which is not necessarily the best one for them. The simplistic messages are very smart from a marketing perspective, but at the same time they are causing a good bit of confusion.

A true pity, we think; but over all a lost opportunity to advance effectively. It shouldn't be "either/or", it should be "and", which is much more positive and open-minded, more interesting and offers a potentially much more enriching view on things.

Many of the people claiming the end of the Business Plan as a useful tool are somehow referring to the "Lean Start-up" school of thought (Blank, Ries, and others. See for example the very interesting article about Lean Start-up by Steve Blank in the Harvard Business Review of May 2013). Very much connected to this same line of thinking is everything related to Business Model Canvas (Osterwalder, Pigneur). To make things more complicated, we now also are seeing more and more about "Lean Canvas" (Maurya), which from the outside and judging by the name, might actually seem like a smart integration between the ideas of Lean Start-up and Business Model Canvas. In a way it could be seen like this, however the people involved in the development of the first concepts seem to be fighting against the most recent



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“spin-off” of it. Not without reason, maybe, because where Lean Canvas definitely adds some interesting ideas to the initial Business Model Canvas, the price of eliminating other elements of it can be seen as way too high. Making a smart addition would probably have been much more elegant than creating a changed version of the original.

Again, in our opinion, It shouldn't be “either/or”, it should be “and”.



Ed Weenk

Both Lean Start-up and Lean Canvas seem to share at least one thing: they both actively spread the same message about Business Plans not being a very useful instrument for entrepreneurs. As we read some time ago in a blogpost about start-up businesses: “Rather than spending their time analyzing, writing, and polishing documents and presentations, they should go to the market, ask and listen, test their ideas, and polish their business” (“*Business Plans should move to the back seat*”, at blog.IESE.edu, December 23, 2013). Even though we might agree very much on the second part of the quotation, we resist to *accept* this as a justification of eliminating the Business Plan as a useful tool.

Of course, Lean Start-up concepts like Customer Discovery, Minimum Viable Product, Business Model Generation are very important, and vital to any (new) venture. And in our view, a Business Plan is a fantastic tool in addition to the others mentioned, aimed at capturing in a structured and clear way the information collected during these important first steps.

Rather than forgetting about the Business Plan as a useful tool for entrepreneurs, we should be much clearer about the fact that the Business Plan as a concept is also evolving. It is changing, just like the business world around us changes. Indeed, long gone are the days that Business Plans were 300-page documents with a minute description of every day of the first 5 years of the start-up's life. But which law stipulates that there cannot exist another definition of what a Business Plan should actually be? Harvard's William Sahlman already wrote his famous article titled “How to write a great business plan” in 1997, nowhere in this article he states that these should be long documents with many extensive financial projections, nor does he say that entrepreneurs can only start with their business once they have finished writing their Business Plan. Quite on the contrary, we would say.

In our programs at EADA Business School, we have already started some years ago on this same path, emphasizing that a Business Plan does not have to be long, but that above all, it should be something much lighter, agile and dynamic (see also the blogpost by our EADA colleague Ferrán Nuñez on the same subject on blogs.eada.edu, “*Quema tu business plan*”, March, 19, 2013).

Says Guy Kawasaki, another renowned expert on Entrepreneurship, in his famous book “The art of the Start”:

“The right and realistic reasons to write a Business Plan are:

- In the later, due-diligence stage of courting an investor, the investor will ask for one. It's part of the game – a business plan has to be “in the file”.
- Writing a plan forces the founding team to work together. With any luck, this will help generate a strong, cohesive team. You might even figure out whom you DON'T want to work with.
- Writing the plan makes the team consider issues that it had overlooked or glossed over in its euphoria – for example, developing a customer service policy.

- Finally, the writing of a plan uncovers holes in the founding team. If you look around the room and realize that no one can implement key elements of the plan, you know that someone is missing.”

All the late-night, back-of-the-envelope, romantic intentions to change the world become tangible once they are put on paper. Thus, the document itself is not nearly as important as the process that leads to the document. Even if you're not even trying to raise money, you should write one anyway.”

As a matter of fact, Kawasaki opens the chapter about Business Plans in his book with the statement by Dwight D. Eisenhower which also opened our article here: “In preparing for battle, I have always found that plans are useless, but planning is indispensable”.

In our approach to Entrepreneurship it's about Lean Start-up + Business Model Canvas + Lean Canvas + Business Plan. Not “either/or”, but “and”.

So, for those who still had doubts: the Business Plan is dead, long live the Business Plan!



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