‘Creating the future’ and Other Stories: 
Some Reflections on the Value of the Business Planning Process

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Abstract: Typically, both the how-to and academic literatures on small business and entrepreneurship recommend the creation of a full business plan document not just as an essential part of the startup process but thereafter as a regular aid to successful operation. Mentors and those who are potential sources of finance such as bank managers and venture capitalists will also require a full and detailed document to facilitate their deliberations, providing the information to enable them to assess the calibre of the entrepreneur and the potential business opportunity and later to justify their decision. Both the literature on the one hand, and banks and business support agencies on the other, offer standard business plan templates to assist the compilation of a detailed plan. Such business plans require a relatively large and continuing investment of resources in relation to scarce entrepreneurial time and effort. Yet some are also aware of the evidence that many entrepreneurs and small business owner-managers tend to operate informally, flexibly and creatively and in ways in which tend to minimise or sideline formal business planning processes. Some critics of business planning point to the fact that once completed, documents may be rarely used and in cases where for example fund raising is not a requirement, documentation is often avoided completely. Furthermore, some entrepreneurs themselves are on record as saying that planning is in effect a waste of time. This may be even more true of the smallest businesses and busiest individuals. In recent years academic literature has addressed theoretical developments around chaos and complexity science. Some authors (eg Stacey, 2003) have attempted to explore the implications of these perspectives for business and management. One characteristic feature of these ways of thinking would be the emphasis given to the breakdown of apparent links between cause and effect, and hence the significance of the unpredictable. The implication here also is that the limits of forecasting are therefore so constrained as to make planning of limited value. There are of course attempts by the advocates of rational planning to address unpredictability, for example in debate on emergent strategies and on scenario planning where more than one outcome or option is explored using some kind of ‘what-if’ analysis. However, in general the conventional view tends to operate in favour of classical planning, with more flexible approaches or the avoidance of plans seen as extreme and undesirable. The contrast between these opposing perspectives is striking. The implication of the classical view, perhaps the approach most strongly argued both in business schools and in business startup courses, is that the behaviour of some entrepreneurs in not planning ‘properly’ is wrong and to be avoided. In this paper I will reflect on and around these themes and consider the apparently irrational planning behaviours of some small business owner-managers and entrepreneurs. Issues may include: the importance of the distinction between the planning process and any resulting document; the contribution of the business plan as a basis for conversation; and the need for legitimacy. How far is the production of formal business plans a function of the individual’s personality and the capacity of those involved to
manage anxiety? Are there any ways in which a business plan may be helpful even if it is not used?