

Management Article – The Bridge Plan for Forecasting Growth - January 2010

How Are We Going to Get There?

When my partners and I bought Ford's auto recycling subsidiary, it was losing huge buckets of money. As we prepared our financial forecast on the turnaround, the asset based lender and venture capital firm that were our stakeholders wanted to understand exactly how we were going to increase sales and reduce expenses.

The stakeholders required us to produce a credible plan. For each line in our forecast, when we said we would raise sales or lower expenses, we prepared a bridge plan. How exactly would we achieve the numbers we were forecasting? What resources would be needed to meet the forecast? How would our initiatives affect each month's numbers going forward? How many months would the initiative take? Our bridge plan spelled out answers to each of these questions in detail.

To make a good bridge plan requires recognizing that some initiatives take longer to execute than others and that some initiatives bleed through the financials more than others. If we were forecasting a 10% increase in parts sales (or cash flow), how would it be achieved? Increased turns? Raising prices? Better close rates? Bringing in more customers for that product or service?

We had to document each tiny step -- including the resources needed and the person accountable for planning, executing, and measuring of results. Though simple in principle, making a bridge plan is a daunting task in practice.

Does your plan forecast a 10% increase in sales? Build a bridge with each component of sales you will need to reach the goal. A good bridge plan to achieve a 10% increase has more than one sales component and a total forecasted bridge that delivers at least a 20% increase. Some components won't hit their goal, so build in some wiggle room.

Get your whole team bought in by making them a part of creating the bridge plan, knowing they will be held accountable for the results they forecast. If you're competitive and your team wants to deliver, creating bridge plans gives you an exciting opportunity to lead and inspire.

Participants in our Peer Benchmarking Review Groups (PBRGs) from all industries learn and use business building techniques like this one. Business owners from the same industry share what works, vet and sharpen one another's ideas on growing their small businesses and achieving maximum success.

Visit www.MrMissionPossible.com to learn more about joining an industry-specific PBRG. We will be hosting Peer Benchmarking Review Groups for business owners in auto salvage and a variety of other industries including restaurants, insurance agents, realtors, general contractors, electrical contractors, buy here pay here car dealers, collision repair shops and clothing and accessory retailers.

I attribute much of my business success in the salvage industry to my decision to join such a group. We met twice a year for over a decade and never lost a member. Because the members were all owners from the same industry, the methods I learned had already been proven effective in a business like mine.

Ron Sturgeon, founder of [Mr. Mission Possible](#) small business consulting, combines over 35 years of entrepreneurship with an extensive resume in consulting, speaking, and [publishing](#).

A business owner since age 17, Ron sold his chain of salvage yards to Ford Motor Company in 1999, and his innovations in database-driven direct marketing have been profiled in [Inc. Magazine](#). After the repurchase of Greenleaf Auto Recyclers from Ford and sale to Schnitzer Industries, Ron is now owner of the [DFW Elite Auto](#) suite of businesses and a successful real estate investor.

As a [consultant](#) and [peer benchmarking](#) leader, Ron shares his expertise in strategic planning, capitalization, compensation, growing market share, and more in his signature plain-spoken style, providing field-proven, high-profit best practices well ahead of the business news curve.

To inquire about peer benchmarking, consultations, or keynote speaking, contact Ron by calling 817-834-3625, by emailing rons@MrMissionPossible.com, by mailing 5940 Eden, Haltom City, TX 76117, or online at [Mr. Mission Possible](#).