

*A hasty start can
lead to an early end
of your business.*

A Business Plan is:

- A description of a MARKET (customers) and their needs for a product or service.
- A description of an INDUSTRY and the COMPETITION for the market.
- A description of the MARKETING / SALES methods used to reach and retain that market.
- A description of the OPERATION / MANUFACTURING / DELIVERY of the product or service.
- A description of the RESOURCES (people, equipment and facilities) needed to operate this plan.
- A description of the FINANCIAL requirements of this business.

In affect, the business plan is just a thoughtful analysis of the opportunities, merits and risk associated with the marketing strategies and physical operation of a business. The process of planning helps you develop reasonable strategies that are consistent with reality and within the limits of acceptable levels of resources and risk.

You can validate your idea by using the plan to objectively challenge every aspect of your strategies and assumptions. You can also use the planning process to develop specific goals and objectives, which can be used later to track the progress and direction of your business. The plan can keep you focused and on target.

In addition, a written plan is generally required to obtain financing or external support because it communicates the validity of your ideas and demonstrates your ability to achieve the potential of your idea.

Developing a Business Plan:

To develop a business plan you must have a complete understanding of the business environment in your industry and the strengths and weakness of all aspects of your business. This generally requires the identification and analysis of a number of critical factors. You must research the existing and future impact of markets, competitors and methods used in your business. You must focus on the customer. You must understand their motivation, buying patterns and decisions.

You will probably have to do research to obtain the information you need. At a minimum, you must use the yellow pages to determine how many competitors you have. Then you must obtain census statistics on the number of customers in the area. You may need traffic information and lease rates concerning a site for your store. You might need costs and payment information concerning products or supplies you will have to purchase. You will need salary and insurance rates for employees and equipment used in your business. And you'll have to put together some form of budget or cashflow projections to determine how much money you need and how much money you will make.

You may have to visit the local library or on-line Web sites to gather more extensive information from sources such as Robert Morris Reports, Dun and Bradstreet, Magazines, (Forbes, INC), Newspapers, (Ledger, Wall Street Journal), Book of Associations, Federal Trade Commission, or other Federal, State and Municipal sources. You should also consult with a lawyer, a banker, an insurance agent and an accountant to complete your research.

Once enough information is gathered you need to organize it into a written business plan. Generally it's during this stage that you begin to note missing information and incompatible points and you must do more research and alter your ideas.

This planning process of gathering information and altering direction will never stop.

Even after your plan is written you will still be changing direction and altering your operation. That's why business planning is the one thing you can never totally delegate to others. Others can and should be used to help you develop the plan, find the information, write the words and offer suggestions, but your personal insight is critical to the development of a plan and the success of your business.

While each plan will be different most will contain the following sections and answer the following questions.

SUGGESTED OUTLINE OF A BUSINESS PLAN

Cover Sheet

A cover page should contain the name of your business, your logo, the name, address and phone number of the principals, the date and a control number to track the distribution of copies of this plan.

Table of Contents

Executive Summary

A one or two page description that condenses the whole plan and tells what you want and why.

Description of your Business and/or its History

What is the legal form of your business, how long has it operated and who is the owner?
Where do you do business? How big is your company, in terms of customers and sales revenue?
What type of business is it? What products and services are provided? How successful have they been?
What are the growth opportunities? Why does it promise to be successful?

Description of your Products and Services

What are the products and services? What are the distinct benefits of each?
How are your products and services packaged, distributed or delivered?
What patents or permits are associated with these products/services?
What manufacturers or supply sources do you use?

Description of your Customers

Who are the customers? And how many are in your area?
What are the buying cycles and characteristics of customers?
Why and when do customers buy your kind of product and services?
Can you describe a "most likely customer?"

Description of your Competitors

Who are the competitors? How many are there? Where are they located?
What is your advantage or disadvantage in comparison? How are you different?
Why are customers more likely to use you than them?
Are there any trends or new inventions likely to impact your products/service?

Description of your Marketing Plans

How and where will you advertise / promote your products and services?
Describe how you will use each technique (advertising, networking, PR and other promotion tactics)?
What are your sales strategies, tactics and techniques?
How do you intend to attract and hold your share of the market?
What are your pricing and distribution strategies?

Description of your Operations / Organization

How are the business functions organized and who are the managers?
How many employees are required and what will they be doing? How will they be trained?
How will employees be paid and are the salaries and benefits in tune with the industry?
What additional skills and specialties will you hire? What are the costs?
How many and what type of facilities or plant is required?
What factors influenced your choice of location?
How will you keep records and inventories?

Description of your Financial Requirements

How much money will the business receive and how much will it spend? When and Why?
What sources of funding will you use and how/when will each be re-paid?
How will your personal income be impacted by the business? Who gets the profit, you or IRS?
Generally, these questions are answered by developing a projection of Future Income and Cash Flow for next couple of years (In detail by month for first year), Break-even Analysis on Capital expenditures and copies of Previous Year(s) Balance Sheet, Cash Flow and Profit & Loss Statements and Personal Income Statements.

APPENDIX - Other supporting data and anything else relevant to your plan.

TEN CRITICAL FACTORS IN WRITING A BUSINESS PLAN

- 1 - Describe the specific competence you have that gives you superior opportunity over competitors.
- 2 - Identify specific markets niches where your business will have the most successes.
- 3 - Be realistic and practical in your market and financial projections. Don't guess. Quote sources.
- 4 - Identify all the assumptions used in the plan and describe their impact on the overall plan.
- 5 - Identify how and when ALL investors will be repaid.
- 6 - Identify any milestones in your plan and the effect of meeting the milestone in financial terms.
- 7 - Present a well balance management team, note and reconcile any missing skills.
- 8 - Do not under-estimate the amount of capital required or over-estimate the sales.
- 9 - Consider the impact of competitors on your financial projections and pricing strategies.
- 10 - Allow room in your plan for changes to add new services and respond to expanding or dwindling markets.

TEN MORE THINGS TO THINK ABOUT WHEN WRITING YOUR BUSINESS PLAN

- 1 - **RESEARCH** - Get as much information as possible from reliable resources such as trade associations, library, advertising agencies and federal or local bureaus.
- 2 - **PROJECTIONS** - The more you know about a business or industry, the more accurate your sales and profit projections will be. Remember that even people who have been in business still guess wrong sometimes.
- 3 - **CAPITAL** - Accept the fact that it always takes more money than you anticipated, have enough capital on hand and back-up resources in case the business doesn't catch on as quickly as you hoped.
- 4 - **COMPETITION** - Study them carefully. They have been there and they may have experienced what you are about to discover. They may have good reasons behind their policies and procedures. Check out their price, performance, quality, warranties, service, distribution, features, management, marketing tactics and trends.
- 5 - **RISKS** - Think like an investor. Balance the risks against the payoff and think about payoff on all your decisions.
- 6 - **IMAGE** - What kind of image do you want to create with your service, merchandise, quality, decor, packaging, personnel, vehicles, ads, and pricing. Position your image in all your decisions.
- 7 - **RECORDS** - Complete and accurate records are needed for taxes but also for the bank and most important for yourself.
- 8 - **ASSISTANCE** - Don't try to do it all. Rely on experienced and professional people within and outside your business. Seek help from lawyers, bankers, accountants, insurance agents and advertising specialists.
- 9 - **BUYING** - Knowing what and where to buy, when to buy and how to gauge inventory can make or break you. Good timely purchasing can conserve capital, reduce obsolescence and improve your competitive edge.
- 10 - **PROFIT** - This is the target. Make sure that ALL costs, possible losses, "shrinkage" and unseen costs, "fringe benefits and taxes" are accounted for. Then add a reasonable profit for your risk. If it doesn't come out positive then perhaps you should rethink the idea about GOING INTO BUSINESS.

Some format tips.

Keep the document short and precise, number all pages, date all reports, use a consistent format throughout, don't be sloppy, make it look good, high quality, but not extravagant, keep the language simple and avoid technical jargon, check the spelling and use good grammar, remember your audience and make sure the whole document supports your vision and use a format that allows for flexibility, additions and modification.

DREAM BIG and THINK BIG, but PLAN REALISTICALLY