



Preparing Your Business Plan



Why & What, the Basics



**The Sad News is....
Businesses fail.**



So Plan for Success!



Have a Business Plan





10 Reasons Businesses Fail...



10. Misunderstanding what customers want



9. Underestimating the competition



8. Ineffective procedures & systems

7. Lack of critical business skills

6. Lack of strong leadership

Reasons Businesses Fail...

5. Failure to establish clear goals and objectives
4. Failure to communicate the Plan
3. Lack of long term vision for the company
2. Inadequate financial planning
1. No Good Business Plan!



Beat the Odds and Succeed!

- Set goals and objectives
- Learn about your customers and competitors
- Do your SWOT
(Strengths, Weaknesses, Opportunities, Threats)
- Do your financial homework
- Imagine your company's future...
see it and be it.



What is a Business Plan?

- A written statement that describes your business, analyzes it, and projects its future.
- A pathway to profit for your business.
- A requirement if you seek financing.



Why Should You Do a Plan?

1. A Plan helps you decide to go or stop.
2. A Plan is a guide to follow, it can keep you on track.
3. A Plan helps you get money.
4. A Plan improves your odds of success.
5. A Plan is a tool for improving your business.





Business Plan Outline

- Disclaimers and warnings
- Resources and Opportunities
 - Anatomy of a Business Plan by Linda Pinson
 - Business Plans for Dummies by Paul Tiffany and Steven Peterson
 - How to Write a Business Plan by Mike McKeever



Business Plan Outline

- **Cover Sheet**
- **Table of Contents**
- **Executive Summary**
- The Organizational Plan
- The Marketing Plan
- Financial Documents
- Supporting Documents

Cover Sheet & Table of Contents

- Company Name & contact info for all owners or corporate officers
- Preparer's name & Date this plan
- Make it organized, clear, accurate
- Be consistent. Use the same titles throughout your plan
- Do it last!
- Revise it as you revise your plan





Executive Summary

Summarize who you are, what your company does, where it is going

- **Who?** are the officers/mgrs of your company?
- **What?** is your name, corporate structure, product, and your goal for the funding?
- **Where?** is your business?
- **When?** did you start, when do you need \$, and when will you repay it?
- **Why?** do you need \$?
- **How?** much \$ do you need, how will you use it and how will you repay it?



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The Organizational Plan

■ Summarize your Business

- State your mission & goals in the industry
- Describe your business model and why it is unique/useful
- Tell how your strategy will help you meet your objectives
- Identify strategic relationships
- Consider the risks you'll face.



The Organizational Plan

- After your Summary, write about each of these...
 - Products & Services
 - Intellectual Property
 - Location
 - Legal Structure
 - Management & Personnel
 - Accounting & Legal

The Organizational Plan

- Remember! Approach each of these areas thinking revenues and expenses and start listing them as you go. Then you'll be ready for the financial plan too!





The Organizational Plan

■ About Products

- **If you make or distribute product:** describe production from start to finish, describe equipment, your materials & their sources
 - **If you will retail:** describe your product selection, inventory, vendors, system for tracking/filling orders
 - **If you offer services:** Describe your service, why & how you provide it, why yours is unique.
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- **Consider equipment & supplies you'll need ,estimate costs to provide, describe billing-collection**



The Organizational Plan

■ About Intellectual Property

- If you have any, describe patents, trademarks, how you'll deal with copyrights, registrations, certifications etc.

■ About Location

- Describe where the business will operate, and why it can do that there (zoning/permits)



The Organizational Plan

■ About Legal Structure

- Which structure & why ?
 - Sole proprietor
 - Partnership
 - Corporation or LLC

■ About Management & Personnel

- What are key management areas?
- What outside help will I need?
- Include an Organizational Chart with a list of personnel -their qualifications, salary, benefits



The Organizational Plan

■ About Management

- Describe how you'll do accounting and recordkeeping. Who will be responsible? If an outside firm, who will interface with them?
- Insurance- describe how you will protect your interests & your investors
- Security- how will you address client confidentiality, inventory controls, office theft, information theft?



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The Marketing Plan

How will you promote your product and offer customer service?

Goals, Analysis, Strategy, Service, Implementation, Assessment



The Plan describes your marketing analysis, sales, advertising, & public relations strategies.



Marketing is a BIG part of finance for most companies. Identify your goals well so financiers are convinced.





The Marketing Plan

Part 1: Marketing Goals

- What are your Goals for Marketing?
 - Who do you want for customers and how will you reach them?
 - Who will be your competitors and how will you handle them?
 - What do you want to sell? How much and for what price?
 - Where (and when) is your target market?

The Marketing Plan

Part 2: Market Analysis

- **Describe your target market, competitors, and trends.**
 - Who are you selling to? Who is your target =who is the ideal client?
 - Do Market Research - surveys, focus groups, find out what they want.
 - Research the competition- what do they offer, when, how?
 - Assess the market trends- what's happening that makes a difference to your success?



The Marketing Plan

Part 3: Marketing Strategy

Describe HOW you will promote your products/services specifically. Discuss which methods you'll use, for how long, for how much. (TV, Newspapers, Web, etc.)

Describe which will generate the most new business and why

- Sales & distribution strategy and method(store, web, truck...)
- Packaging
- Describe your pricing policy
- Describe any incentives, promotions, etc.
- Public Relations, Networking



The Marketing Plan

Part 4: Customer Service

- **How will you meet customer needs?**
 - Will you have fax or phone orders?
 - Who will answer when they call?
 - Will you outsource any activities?
 - When will you respond?
 - How will you keep them coming back?

The Marketing Plan

Part 5: Implementing & Assessing

- Describe what you've done so far and give proof the plan works.
- Check the results of your plan... has everyone heard of you? Do you have a market already? Describe any success so far.





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Financial Documents

- Records to show past, current, and projected finances
- Include pro forma (= projected, future) statements
- Include actual (current) statements
- Usually the first part of the plan lenders & investors want to see!



Financial Documents



- **1. Statements of funding** Sources and uses of funds from a lender/investor.
 - Paragraph text
 - Include only if you seek \$
- **2. Pro Forma Statements**
 - Statements of cash flow, income, etc. projected
- **3. Actual Performance Statements**
 - If established, include a Balance sheet, Profit & Loss (income) statement, Business Financial History or Loan application.
 - If new, include a Personal Financial History



Financial Documents



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- 
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 - If new, include a Personal Financial History
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Financial Statement Analysis

- A bonus for investors
- A valuable tool for your future
- Compare items in your financial statement to each other in one year, over time, and to other businesses.
 - Liquidity Analysis
 - Profitability Analysis
 - Debit and Investment Analysis



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Supporting Documents

- **Other records and statements that back up what you put in the plan**
 - Personal Resumes
 - Credit Reports
 - Leases, permits, certifications
 - Letters of reference
 - Legal documents (contracts, deeds, vehicle titles, DBA, incorporation papers)
 - Other (demographic study, maps, products)



- This evening we covered:
 - What is a Business Plan?
 - Why have one?
 - What should you include in one?
- Resources for Business Starts & Growth (handout)

- **THANK YOU !**