

# Business Mastery

*§5 Business Fundamentals*

*Create a Dynamic Business Plan*

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# Create a Dynamic Business Plan

## Business Plan Fundamentals

- Getting Started

## Business Plan Outline

- The Basic Business Plan
- Business Plan Supplement



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# KEY

## *Terms*

- ❑ Advertising
- ❑ Breakeven Analysis
- ❑ Business Plan
- ❑ Community Relations
- ❑ Executive Summary
- ❑ Financial Analysis
- ❑ Marketing Plan
- ❑ Mission Statement
- ❑ Owner's Statement
- ❑ Promotions
- ❑ Publicity
- ❑ Return on Investment (ROI)
- ❑ Risk Assessment
- ❑ SCORE

# Business Plan Fundamentals

- Creating a business plan dramatically increases your chance of success
  - You can find help through business organizations such as local business schools, centers for entrepreneurs, and SCORE
  - A business plan serves many functions. It's a powerful declaration of your goals and intentions, a written summary of what you aim to accomplish, and an overview of how you intend to organize your resources to attain those goal

# Business Plan Fundamentals *(cont.)*

- A business plan addresses these issues:
  - What are you offering?
  - Who will your clients be?
  - What needs do your services satisfy?
  - How will your potential clients find you?
  - How much money do you plan on making?
  - What actions do you intend on taking to ensure success?

# Business Plan Fundamentals *(cont.)*

- While business plans vary in scope and content, the major components of a business plan are:
  - An owner's statement
  - Executive summary
  - Mission statement
  - Business description
  - Long-term and short-term goals
  - A financial forecast
  - Operations overview
  - Risk assessment
  - Success strategies
  - A marketing plan



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# Business Plan Fundamentals *(cont.)*

- Tips to getting started:
  - Avoid getting stuck on attempting to create a perfect first draft of your business plan
  - Think of your first few hours of work on a business plan as a brainstorming session.
  - If you're having trouble getting started, plan an initial 2-hour work session with a business advisor, colleague, or business coach.
  - Many struggle with financial projections. Make informed estimates for sales, expenses, and profits.

# *Business Plan Tips & Insights*

- Business plans must be based on facts, so do your research.
- Business plans for internal use average about 10 to 15 pages; business plans to raise funds typically span about 40 pages or more.
- Talk to other business owners about their business plans. Ask what they would do differently or what they found most valuable about the process.
- Be realistic and use a conservative approach for your financial projections. Being overly optimistic can set you up with unreasonable expectations.
- Consult with an accountant to look at your financials, and help you put them in a standard business format.
- Find an experienced business person and share your plan. Ask for feedback. Listen, but don't follow advice that doesn't ring true for you.



# *Business Plan Tips & Insights (cont.)*

- Take your time and don't rush through the business plan process. The time you invest is well spent.
- Do your homework when it comes to competitive analysis and pricing. Gather as much supporting data as possible. Back up any statements you make with statistics from a reputable source.
- If you're looking for investors, make sure you proofread and spell check everything (business plans with errors won't be taken seriously), avoid gimmicks and superlatives (e.g., amazing, outstanding, unbelievable), and stick to the facts.
- Revisit your business plan quarterly to make sure you're on track.
- Celebrate when you've completed writing your business plan. It's the first key milestone of many to come.

# Business Plan Outline

- The basic business plan is not lengthy or complicated.
  - You simply need a description of your business and plans for marketing, management, and financials.

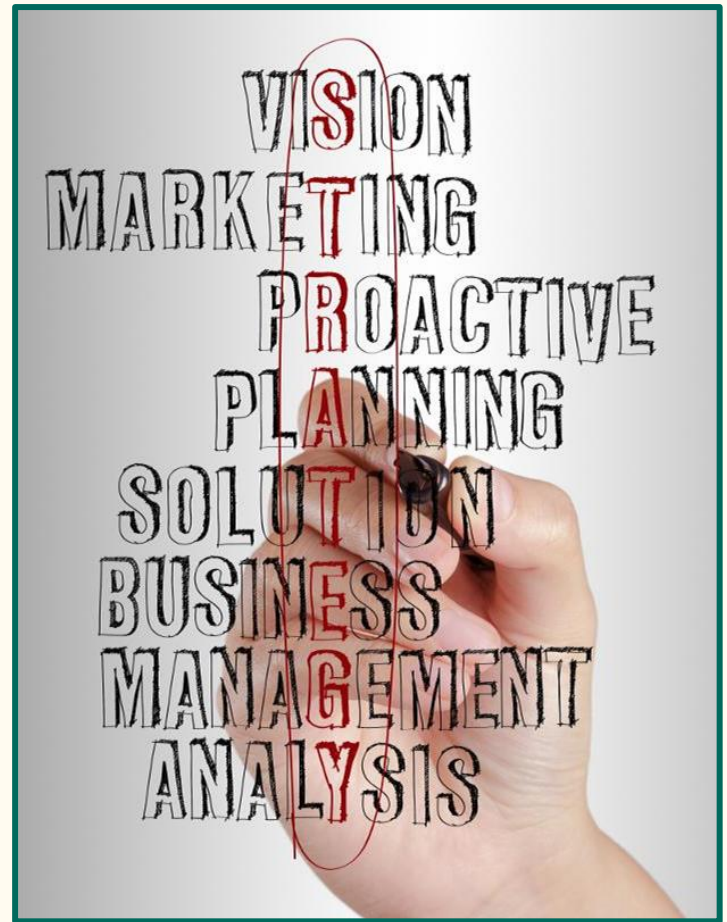


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# *Basic Business Plan Components*

- Cover Page
- Table of Contents
- Owner's Statement
- Executive Summary
- Mission Statement
- Purpose, Priorities, and Goals
- Business Description
- Marketing Plan
- Risk Assessment
- Financial Analysis
- Operations
- Success Strategies
- Appendix

# *Marketing Plan Components*

- Company Image
- Target Markets
- Differential Advantage
- Competition Analysis
- Strategic Action Plan
- Marketing Budget

# *Financial Plan Components*

- Income Projections  
(3-5 years)
- Start-Up Costs
- Annual Budget  
(3-5 years)
- Funding Sources and  
Spending Plans
- Breakeven Analysis

# Operations Components

- Management Description
- Legal Status, Licenses, Permits, Insurance Coverage
- Staff Functions and Responsibilities
- Company Policies and Procedures
- Accounting and Reports

# Business Plan Supplement

- If your business plan is for securing a loan, it's recommended to incorporate the following additional information into the previous sections of the business plan.
  - Executive Summary
  - The Financial Analysis
  - References



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# Highlights

A well-crafted business plan can dramatically increase your chances of success and financial wellbeing. It's a lot like designing a blueprint for building a house. Would you build a house without a blueprint?

Many resources exist to help make the job of writing a business plan easier. Business organizations such as SCORE, business colleges, and your local Chamber of Commerce offer educational seminars and low-cost or free assistance.



# Highlights *(cont.)*

A business plan is a powerful declaration of your goals and intentions. It pinpoints what you aim to accomplish and how you intend to use your resources to attain your goals.

The major components of a business plan are: an owner's statement; executive summary; mission statement; business description; long-term and short-term goals; a financial analysis; operations overview; risk assessment; and a marketing plan.

# Highlights *(cont.)*

A financial forecast is an invaluable tool to realistically assess what finances are required to launch and maintain a thriving business.

Look into plan-writing software that includes plenty of samples, easy-to-use templates, and forecast and cash flow models.

Avoid getting stuck on trying to create a perfect first draft of your business plan. Develop a rough first draft and expect to fine tune it through several drafts. As you develop financial projections, tend toward the conservative and leave wiggle room for unexpected expenses.

## Highlights (*cont.*)

Carve out time to revisit your business plan monthly, quarterly, and yearly. Use it as a tool to track progress and assess how you may need to adjust your marketing and business activities.

Take your time and don't rush through the business plan process. The time you invest is time well spent.

# Highlights (*cont.*)

The business plan outline consists of the following: cover page; table of contents; owner's statement; executive summary; mission statement; purpose, priorities, and goals; business description; marketing plan; risk assessment; financial analysis; operations; success strategies; and appendix.

## Highlights (*cont.*)

If you're also trying to secure a loan, add the following to your business plan: personal net worth statement, copies of income statements and balance sheets from the last 2 years, list of client commitments, copies of business legal agreements, credit status reports, news articles about you or your business, photographs of your location, copies of promotional material, letters of recommendation, key employee résumés, and personal references.