

Business Plan

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What Business Plans Are

A business plan is an outline of the basic idea and direction of a business, whether a one-person show or a full on 1,000 member organization. It is a process of evaluating a potential business opportunity, and then outlining how that opportunity will be pursued.

A business plan brings together all of the different elements of a business (marketing, operations, human resources, accounting, etc.) under a single roof so that all elements can work as a single unit. A normal full-fledged business plan that you'd be presenting to investors would be between 30-100 pages long.

Why Business Plans are Important

Business plans are a very important aspect of starting and running a successful business. Is it essential for you to put together a full-on 50-page business plan in order for you to be successful? No, but an outline of the key concepts covered in this material as they pertain to your business is a very good idea. The reasons that going through this information and formulating a business plan is a good idea are the following:

1. To give overall direction to your company. A business plan enables individuals from all areas of a company to come together under a single purpose and function. It is a communicating tool that merges ideas, concepts, goals, and vision. It forces you to define your main purpose and competitive advantage. Without a clear direction that is communicated throughout all areas of a company, failure is eminent. A business plan gets management, investors, and employees all on the same page.
2. To establish goals and checkpoints for your business that keep you going in the right direction. The reason most start-up fail before the end of the first year is because they are running a business on a dream, an idea. There goals are to "Be financially independent, to have some retirement or travel money, etc." Without specific, measurable goals, and checkpoints for those goals, failure is sure. A business plan provides such goals and checkpoints that can keep an organization, whether large or small, moving forward.
3. To force you to do your homework instead of just guessing blindly. By homework I mean market research, product research, etc. There are millions of businesses out there, how will you know that yours will be successful? The only way to know is through doing your homework. Knowing the size of your target market, their characteristics, their needs, are questions that a business plan forces you to ask. Also, going through this information forces you to study your competition, which will help you in formulating your competitive advantage.
4. Business plans are essential in receiving any type of financing. The first question that any possible investor will ask is "What is your plan?" Specifically, this means, "Let me see your business plan!" Without a clear and concise business plan, obtaining any type of financing, whether it be from venture capitalists, the SBA, a bank, etc., is impossible. You may get some money out of a rich uncle without a business plan, but I wouldn't count on it. Because you are probably not seeking financing at this time, you don't need a full-fledged business plan. However, for the other reasons mentioned about, a basic outline of the information covered here is suggested.

An Outline of a Business Plan

The following is an overall outline of an effective business plan for a company. Our Business Plan Software goes into extensive detail on each element of the following outline. We also provide many tools and resources to help with your business plan production - like financial statements, graphs, organizational charts, website navigation outlines, and much more.

I. Introductory Parts

Cover Page: Name, business name, company logo, address, telephone number, fax number, email address, and date.

Table of Contents: Make sure all the pages are numbered, and include pages for sub-heading as well.

Executive Summary: Gives a snapshot of your business: what your purpose is, market potential, financial projections, etc. The different sections to the executive summary that you'll want to include are the following:

- Purpose of the Plan
- Business Description
- Market Analysis
- Development and Production
- Website Layout & Navigation (for Internet businesses)
- Marketing Activities
- Management Team
- Financial Data
- Final Objective and Risks

II. Business Description - The overall mission and vision of your company is outlined here. Also included is information how your company will function and run. The points to include in this section are the following:

- Industry Overview
- Mission & Vision Statements
- Company Description
- Competitive Advantage
- Overall Strategy

III. Market Analysis - Gives detailed information about the demographics (characteristics) of your potential customers; it also gives industry trends and info about your competition. The sections of the market analysis are the following:

- Industry Description
- Target Markets
- Current Demand
- Competition
- Strategic Alliances
- Penetration Strategies

IV. Development and Production - Discusses details of development specifics such as who may be supplying your product, how it will be shipped, etc. The points to include in this section are the following:

- Development Status
- Production Process
- Labor Requirements
- Start-up Costs

- V. **Website Layout & Navigation** *(only for Internet businesses)* - Here you will outline each page of your website, from the homepage to the contact page. We've provided a navigation template on the Excel spreadsheet for those that order the Software that contains the graphs, financial statements, and organizational chart. The points to include in this section are the following:
- Navigation Outline
 - Website Info
 - Future Website Changes
- VI. **Marketing Activities** - A business without a clear marketing plan with concise goals and checkpoints will most-likely fail within the first year. Here you will outline the specific strategies you'll be applying as well as sales projections. The different parts to the marketing and sales activities area are the following:
- Overall Marketing Strategy
 - Specific Marketing Tactics
 - Sales and Traffic Projections
- VII. **Management Team** - The management team is the most important element of a business plan if you are looking for money from investors. In this section, include the following:
- Organizational Chart and Description
 - Key Managers
 - Legal Structure
 - Owners
 - Board of Directors
 - Support Services
- VIII. **Financial Data** - This section will back up your goals and plans with specific numbers. You will include information and spreadsheets giving detailed reporting from everything from start-up costs to net income. The necessary financial data to include is the following:
- Funds Required and Uses: Initial and Projected
 - Funds Requested and Return for Investors
 - Break-even analysis
 - Prospective Financial Data
 - Income Statements
 - Balance Sheets
 - Cash Flow Statements
- IX. **Final Objective and Risks** - This section outlines what the end result of the business will be and the specific risks involved.
- Final Objective
 - Risks
- X. **Appendix** - This section will include additional information not included throughout the plan, like financial statements and market research.
- Website Navigation or Business Layout
 - Organizational Chart
 - Resumes of Owners & Managers
 - Financial Statements

Keys to Successful Business Plans

Our specific keys to a successful business plan are outlined in the above information, but the following list outlines the most important keys to remember:

- Articulate a clear competitive advantage and know who your target market is.
- Outline a specific marketing plan with details such as a timelines as to when each strategy will be implemented.

Articles with Great Business Plan Information

1. **AmericanExpress.com**'s Small Business section has one of the best business plan outlines on the Internet. Go to www.americanexpress.com and click on Small Business. Then within this section, you'll see Create an Effective Business Plan, and you'll find the outline there.

2. **AllBusiness.com** has some great information and articles that guide you through the business plan process.

Just go to www.allbusiness.com and click on Business Planning, then click on Business Plans.

3. The Small Business Association also has a good business plan section. Go to **www.sba.gov** and click on Starting Your Business, then click on Business Plans.

4. **Jian.com** has a business plan workshop that gives a great explanation of a business plan at www.jian.com/workshop/index.htm

Source of Article: <http://www.ebusinessplansoftware.com/free/busplan.htm>