

Most experts agree: Use a business plan!

by Bruce A. Love

Before starting a business, experts strongly recommend developing a business plan. The purpose for such a plan is to create a roadmap for achieving success for your business.

Business plans detail every aspect of the business, areas such as products sold, production plans, legal structure, marketing efforts, and financial projections. A good plan also describes the industry in which your organization competes. By studying the major competitors in your industry you will get a better understanding of the total market potential, and will be able to set goals based upon market share.

Business plans also include an evaluation of the organization's internal strengths and weaknesses, and market threats and opportunities. We recently referred to this as a SWOT analysis. It is important to remain objective and honest regarding your strengths and limitations. Acknowledge organizational weaknesses and develop plans to improve upon them. Recognize market threats and develop a marketing mix to combat them.

Because many lending institutions require business plans to be submitted along with loan applications, use your plan to make a strong case for the success of your venture. When submitting your plan to a bank, make sure that the weaknesses you have identified in the plan are minor and easily remedied. Yes, businesses put together multiple business plans – one to use internally, and one to show other interested parties such as banks. Many lenders evaluate more than just the feasibility of your business idea. A well-written business plan also demonstrates your organizational skills to potential investors.

Business plans should be written declarations of corporate goals. Countless times I have encountered business owners who tap their heads and say, "My business plan is right here." Unfortunately, an entrepreneur's head is

not the safest place to keep something as valuable as a business plan. You will find that by putting your plan on paper, you will be much more likely to create and stick to well-designed strategies.

Business plans should be flexible, yet provide a strong foundation upon which you will build successful marketing strategies. That sounds like an oxymoron. How can a foundation be strong, yet flexible? People in California understand this concept. Skyscrapers are built on flexible foundations so that when earthquakes occur, they sway with the impact rather than tumble to the ground. Likewise, your business plan should not be so rigid that you stick with it even when faced with new hostile situations in the market environment. Try to plan for contingencies.

Business plans vary in content and structure. I have worked with successful business plans that have had fewer than 20 pages and others with more than 200. Below is a general outline that I use to organize business plans:

- Part 1 Executive Summary
- Part 2 Description of Business
- Part 3 Products and Services
- Part 4 The Market
- Part 5 The Marketing Mix
- Part 6 Competition
- Part 7 Location (of business)
- Part 8 Operational Plans
- Part 9 Management and Personnel
- Part 10 Milestones

Appendixes (include financial statements and projections along with supporting documents)

After completing your business plan, use it! It is not a document to be left on the shelf. Periodically review, and occasionally modify the content in your plan. Stay true to the spirit of your original plan, however. By doing so you will be able to anticipate the seismic disturbances that your industry thrusts upon you, and learn to sway with the changes rather than crumble to dust.

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