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| **EP2150 - Entrepreneurship   Business Planning** |
| **The Business Plan** |
| **What is a Business Plan?**  Every business needs a plan. The Business plan identifies the objectives and describes how they will be achieved. Your plan should be unique while addressing common areas of business. Your business objectives should incorporate and reflect your central values as a person because achieving them requires a great amount of work and commitment. Without passion for your objectives you may run out of gas long before you reach your destination.  **Do I need one to start My Business?**  Absolutely! Your business plan is in many ways the road map for your business. When it’s complete it will define the distances between mileposts, identify possible bumps in the road (and their detours) as well as estimate the travel times and fuel consumption. Your road map is part of getting where you need to go. To arrive safely you will need a good driver (You) and some good navigators.  **Do I need one if I am already in Business?**  Definitely! Current business owners should constantly be updating their business plan. Business success hinges on customer loyalty that in turn demands that one provides customers with precisely what they want from your business. To achieve this you need to incorporate what you learn about and from your customers into your business planning. Further, the business environment changes constantly, regulations, employment levels, competition all are very fluid – your business plan must change accordingly.  **Does the Bank require me to have a Business Plan?**  Yes! Banks use several criteria to determine if they will invest in your business, one of which is the quality of the business planning process. Banks want to see a clear, well thought out business plan with realistic assumptions and attainable goals that fit the market.  **How long should my Business Plan Be?**  Business plans vary in length. More complex and more cost intensive a business, and the riskier the business, the greater the need to have a plan that visits every angel of the business opportunity. The penalties for incompleteness become more sever when your business requires large investments and operates in high cost environments. Business plans for small, low start-up, businesses such as home based businesses tend to have shorter plans for less than 10 pages, whereas larger, more complex plans could exceed 100 pages.  **Who Should Write the Business Plan?**  You – with some help! Seeing that it is you behind the business it is important that you be behind the plan. You will benefit greatly by completing the demanding tasks of an effective business plan. Many *resources* exist in print and online, and many organizations exist that can help you in the process.  **What should be in a Business Plan?**  The most important ingredient in the business planning recipe for success is you! In writing your own business plan you need to honestly assess the traits that will help you operate a successful business and the areas that you will require assistance. Determining this is extremely important. Do you remember you grade school teacher telling you the importance of doing your own homework – not coping from a friend. By honestly assessing your own strengths and weaknesses you will be in a better position to know if business is right for you. Do you enjoy working with people? Are you prepared o work long hours, and cope with continuous stress? Do you know where you can go to get help? You need to be able to investigate the key issues in business and discuss them accordingly. Because it reflect your view of the market and communicates relevant experience and skills, your business plan should be unique. |
| **The Major Sections of a Business Plan** |
| Although business plan guidelines vary greatly, you may want to consider including five key sections: Executive Summary, You and Your Team, Marketing, Operations and Financial Information.  **Executive Summary**  Your business plane needs an executive summary, which provides a two page thumbnail of what your business plan is all about. It should contain a concise description of the business, its basic objectives, and its competitive advantages. Even though the executive summary is placed at the beginning of the business plan it is always written last – so as to encapsulate the entire document.  **You and Your Team**  Many analysts consider the people behind the plan to have the greatest impact on the success of the actual business idea. This is because most customers when deciding which business to purchase from think in terms of buying solutions rather than products or services. Most times the value of these solutions depends on the people delivering them. Although planning is important, the people in the firm implement the plan and you need good people with the right knowledge, skills and experience to make this happen.  **Marketing**  Marketing is communication. To succeed your business needs to have a plan to communicate with its customers. You must consider the benefits customers are seeking and the values that your company holds, where your business sits on the price/quality spectrum; and the methods that you will employ to get and, most importantly, keep customers.  **Operations**  A key planning tool is determining the capacity that you and your team have to spend marketing while you serve customers. Being realistic about the amount of hours needed to perform necessary tasks allows you to budget for the number of employees your business will require.  **Financial Information**  Once you have considered marketing and operations, you should have enough information to work through key financial projections. The key benefit of financial projects is the actual process of thinking about what may happen and prepare for that accordingly.  **Bringing it all Together**  It is important to be able to estimate revenues by determining the average selling price and projecting quantities sold. As you consider associated expenses, you should be able to begin projecting cash flows over the course of a year. Your business plan uses the past to predict the future. It speaks to the elemental things that will contribute to making your business a success. Researching and writing your own business plan is for your own benefit. It should not be a d0ocument that strives to persuade someone to loan you money but rather it should be give the reader a realistic view of the future. Business planning provides you will a learning opportunity to be honest with yourself, explore the potential of your ideas, as well a structure and develop business strategies. |
| **Business Planning Templates** |
| [Interactive Business Planner from Canada Business Service Centres](http://www.canadabusiness.ca/eng/)  Model Business Plan: [http://highered.mcgraw-hill.com/olcweb/styles/shared/linkicons/word.gifBusiness Plan Exercise (1110.0K)](http://highered.mcgraw-hill.com/sites/dl/free/007088868x/260212/PegasusFinalCopy.doc) |
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