

Why Write A Business Plan



Business Blueprint

Business Plan




- Written statement
 - describes and analyzes your business
 - gives detailed projections about its future



Business Plan

- Written statement
 - Cover financial aspects
 - Startup cost
 - Expansion
 - Cash flow



Reasons For Business Plan

- To:
 - test the feasibility of your business idea
 - give your new business the best possible chance of success
 - secure funding
 - make business planning manageable and effective
 - attract investors

Face Reality

Test business idea feasibility

- Writing a business plan is the best way to *test* whether or not an idea for starting a business is feasible
- other than going out and doing it
- What are the strengths and weaknesses of your plan



Test business idea feasibility

- Can tinker with individual parts
 - With no cash outlay
 - Spreadsheets allows financial projection alternatives




Test business idea feasibility

- A business plan is your safety net
 - writing a business plan can save you a great deal of time and money
 - working through the business plan will reveal if the business idea is untenable



Test business idea feasibility

- Often, an idea for starting a business is discarded at the marketing analysis or competitive analysis stage
 - freeing you to move on to a new (and better) idea



Enable best possible chance of success

- Writing a business plan will ensure that you pay attention to
 - broad operational and financial objectives of your new business
 - details, such as budgeting and market planning



Enable best possible chance of success

- Taking the time to work through the process of writing a business plan
 - smoother startup period
 - fewer unforeseen problems as a business becomes established



Enable best possible chance of success

- A business is a gamble - Beat the odds
- "Over 50% of small businesses fail in the first year and 95% fail within the first five years." - US SBA




Secure funding, such as bank loans

- You're going to need both operating and startup capital to start a new business
 - you have no hope of getting any money from established financial institutions without a well developed business plan




Secure funding

- Even some landlords require a sound business plan before they will lease you space
 - Have you considered critical issues?
 - Do you understand your business?



Secure funding, such as bank loans

- Established businesses often also need money
 - buy new equipment or property
 - because of market downturns
- Having a business plan gives you a much better chance of getting needed money to keep operating or to expand



Make business operations manageable and effective

- An operations plan is essential if you're thinking of starting a business
 - also an important tool for established businesses
 - improves decision making
- Viable businesses are dynamic
 - they change and grow



Make business operations manageable and effective

- The company's original business plan needs to be revised as new goals are set
 - what goals have been accomplished
 - what changes need to be made
 - what new directions your company's growth should take



To attract investors



- Whether you want to pitch your business to venture capitalists, or attract angel investors, you need to have a solid business plan
- A presentation may pique their interest
 - but they'll need a well-written document
 - they can take away and study before they'll make any investment commitment



To attract investors

- Be prepared for your business plan to be scrutinized
 - investors will want to conduct extensive background checks
- competitive analysis
 - be certain that what's written in your business plan is accurate



Direction Development

START



- Writing a business plan is time-consuming
 - *but it's essential if you want to have a successful business that's going to survive the startup phase*



Direction Development



- The process of writing a business plan can do wonders to clarify where you've been and where you're going

- Keep on Track

