

Business Plans

A Road Map to Success



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Counselors to America's Small Business

library
barrington area

Your Presenter



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Today's Topic

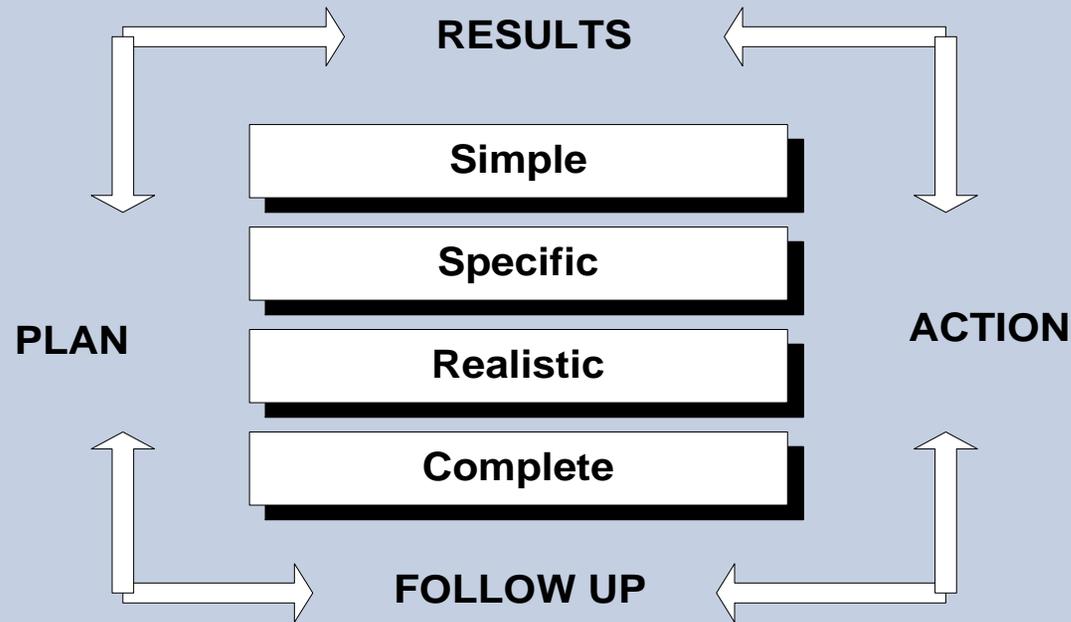
- Business Plan, what? why? when? who? how?
- Elements of good Business Plan
- Brief descriptions of each of elements
- How to write one?
- Common mistakes to avoid

Myth #1

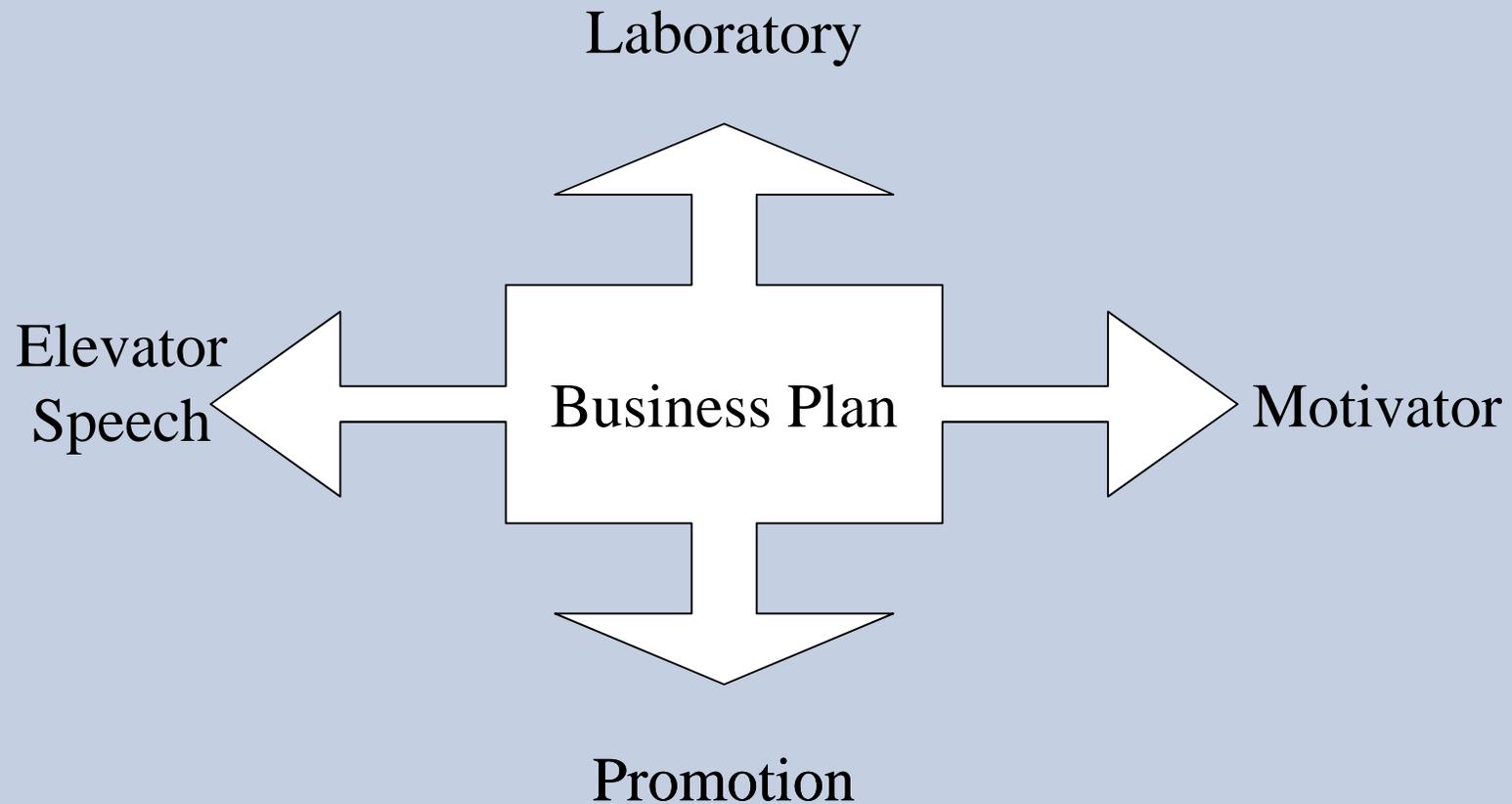
Myth: All I need is a good idea to be a successful entrepreneur.

Reality: A good idea is a great start, but it takes hard work, research, and planning *plus* successful implementation strategies to turn your idea into a profitable enterprise.

Business Plan is a Process



One Plan: Many Uses



Remember Only You Can Make the Business Plan



Typical Business Plan Outline

1.0 Executive Summary

2.0 Company Summary

3.0 Products (or Services or both)

4.0 Market Analysis Summary

5.0 Strategy and Implementation Summary

6.0 Company's Organization

7.0 Financial Plan

2.0 Company Summary

- Company Ownership
- Start-up Plan (New Company)
- Company History (Existing Company)
- Company Location and Facilities

Company Ownership

- Describe the Legal Structure of the Company (Sole Ownership, Corporation, LLC, S Corp)
- Describe the Company
- Your general strategic thoughts, the values you are offering to potential customers, your company's uniqueness and it's competitive position

Start-up Plan (New Company)

- Be passionate about your product or service
- Emphasize the value of what you offer. Remember that what you offer does not have to be the cheapest
- Be convincing that what you offer is unique and better than the competition alternatives
- Emphasize that what you offer responds to the customers needs and wants

Company Location and Facilities

(Existing Company)

- Detailed description of facilities and location
- Show why the location is important for your customers, accessibility, parking availability, public transportation, etc.
- Is your company committed to be a good neighbor?
- Is your company committed to respect the surroundings and the environment

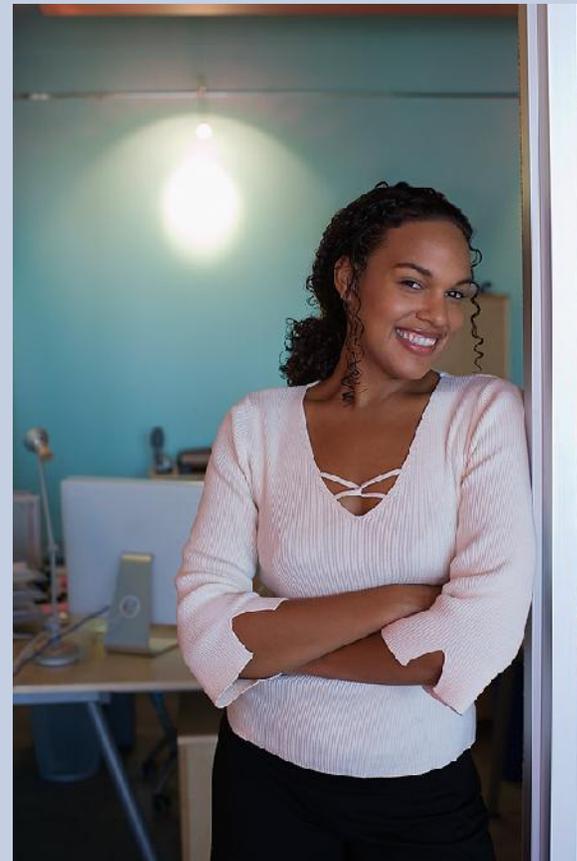
3.0 Products (or Services or both)

- Describe your product and/or service
- Your product against the competition
- Product source (s)
- Technological support
- Vision of the future

Business Idea

Defining a Market Need

- Need fulfilled or problem solved
- Product/service features and benefits
- Competitive advantage
- Business model



Your product against the competition

- General comparison against what the competition offers
- Discuss how your product or service are positioned in the market
- Why your customers will prefer what you offer
- An idea of the price, the target market and the uniqueness of what you offer
- Are you offering better product or services, better quality or some important features not available in the market

4.0 Market Analysis Summary

- Market Segmentation
- Target Market Segment Strategy
- Market Needs
- Competition and Buying Patterns

For Your Market Analysis, Have You:

- Defined your product, service and customer's benefits?
- Defined your total market, segment and niche?
- Conducted a sample survey of prospective customers?
- Researched your market and sales prospects?
- Researched your present and future competition?

5.0 Strategy and Implementation Summary

What is it that if it fails will tank your whole business?

Set goals to address via an action plan

Print out 4 times and put everywhere: car, bathroom mirror, etc. so you don't forget or ignore

Keys to Success

- Quality and Customer Satisfaction
- Convenient Location
- Price benefit versus value offered
- Uniqueness in product or service
- Benefits over competition
- Legal – patent
- Intellectual Property

Setting Meaningful Goals



6.0 Company's Organization

Organization summary:

- Number of employees
- Number of Managers
- How many Founders
- Employees positions that will be filled
- General description of key members responsibilities

Management Team

- Business structure
- Board of Directors (if Corporation)
- Organization Chart
- Key management team
- Job descriptions
- Personnel: needs; hiring; training
- Compensation & benefits

Company Culture Considerations

- People are the most important resources of your company
- People spend most of their day at work. If it isn't a good place to work, the company won't be successful.
- Be positive and constructive. “Make sure you catch your people doing things right and acknowledge that fact to them” (One Minute Manager. Blanchard & Lorber)
- Empower your people. They will perform beyond expectations if they feel you sincerely trust them.

7.0 Financial Plan



What Is the Goal of the Financials’



Financial Needs and Use of Funds

(Be prepared to answer these questions to investors/bankers)

How much money is needed? Total, investments, loans

What is the money needed for? Equipment, inventory, work capital.

How will funds benefit business? Profitability, cash flow

Why do these funds/investment make business sense?

Lenders and Investors want to see:

(Projections should show profits/cash flow / repay loan/investment)

How will the funds/loan be repaid? Months/years/interest

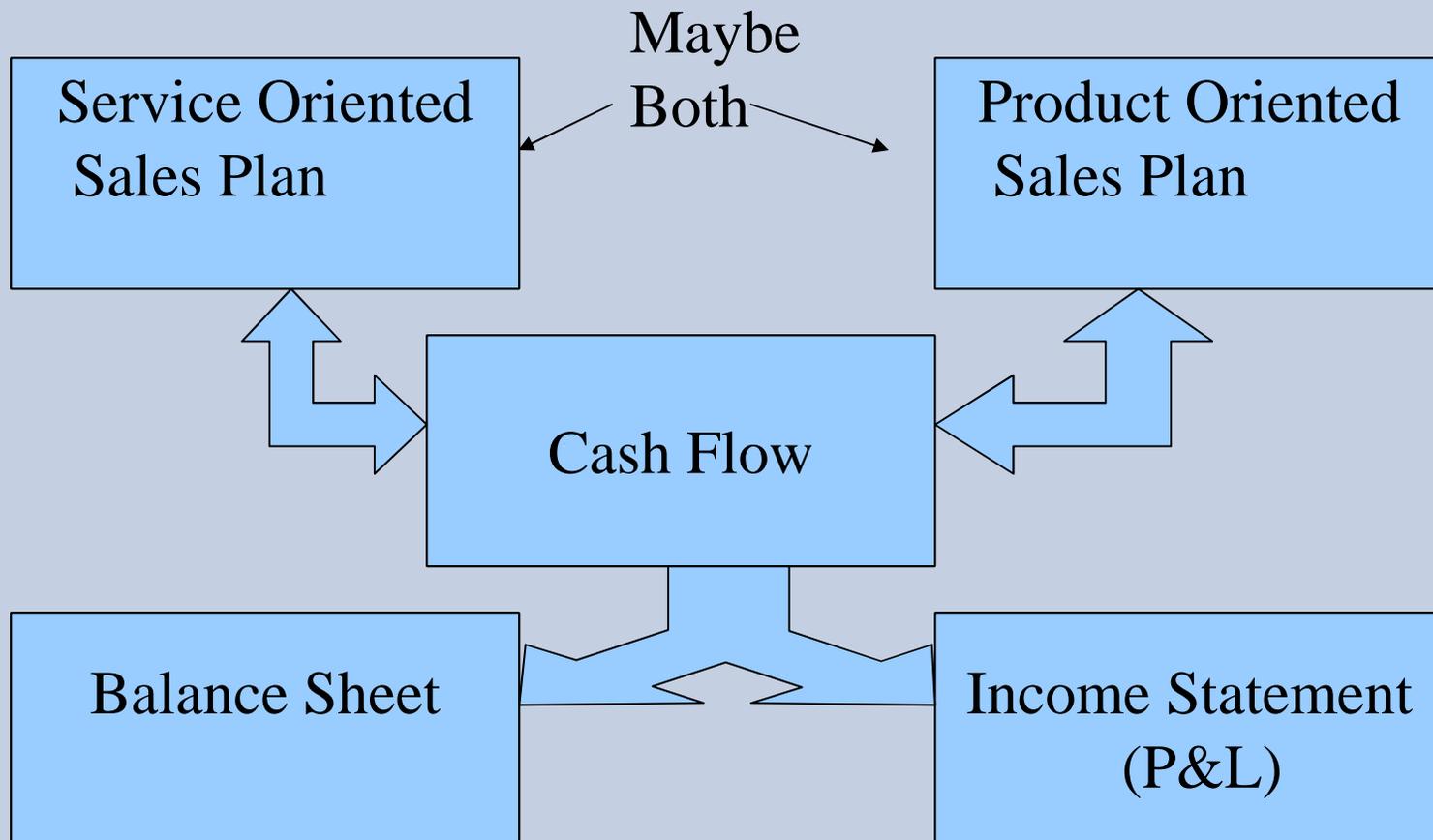
What guarantee/collateral is being offered to lenders?

What type of return is expected to pay to investors?

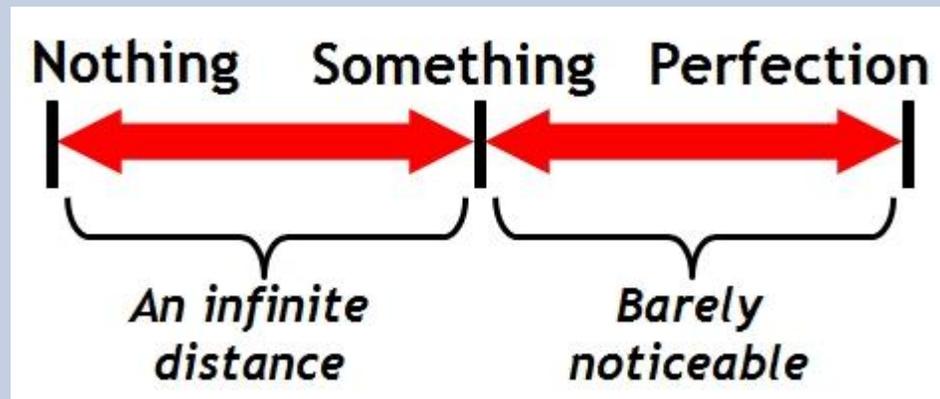
Will adequate cash flow be generated to pay obligations?

What will happen if cash flow levels are not met?

Where Do I Start?



Estimate What You Don't Know



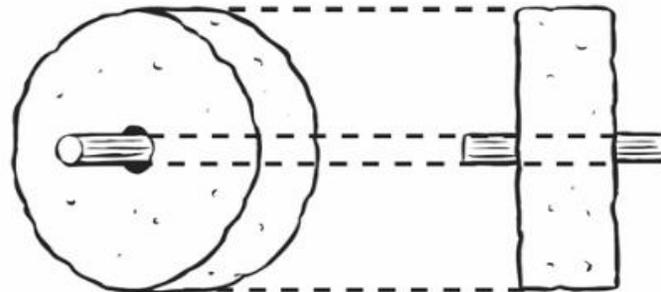
What More to Do

Free Help Available at the Score Website

- Blank Pro Forma Statements (great for start up expense check lists)
- 500 business plans – free to view
- Check your public library
- Get a SCORE counselor to help

Don't Do This

WHEEL



Patent Pending 48,022 B.C., 42,639 B.C., 36,210 B.C., 31,887 B.C., 30,599 B.C., 28,714 B.C., 28,001 B.C., 19,711 B.C., 18,224 B.C., B.C., BC, 15,690 B.C., 15,689 B.C., 15,675 B.C., 15,674 B.C.

1.0 Executive Summary

- Mission
- Objectives
- Key to Success

Mission and Objectives

Mission

(Use the best technology, tradition, quality of product/services)

To satisfy a growing market at competitive prices

Offer products/services with a competitive advantage

Provide the best customer service.

Objectives

(Measurable objectives drive the changing direction of a company)

Increase sales in one to three years

Maintain gross margin above X% throughout a period

Increase sales of certain more marketable lines

Introduce new product lines to replace vanishing ones

For an Effective Executive Summary:

- Write this section last
- Brief business description
- Brief market description
- Expected revenue and profit
- Investment and capital requirements
- Uses of funds
- ROI (Rate of Return)
- How the borrowed capital would be paid back?

Writing The Plan

- You write it
- Professional software packages
- Consultants
- Grammar; spelling; punctuations; editing; presentations, page numbers
- Solicit feedback
- Revise, update often

Common Mistakes

- Poor research
- Not understanding the market
- Not understanding the target market
- No clear focus on competitors
- Unrealistic financial projections
- Over hype

What next?

- See SCORE website (www.scorechicago.org and www.score.org)
- Get counseling for one-on-one consulting
- Q & A