

CREATING YOUR **BUSINESS PLAN**

GETTING STARTED

The hardest part of creating a business plan is getting the energy together to get started. At first it seems like a daunting task. But once you get going you'll find that writing the plan is not as tough as it seems. Start with some of the easy steps first. Describe your business and your product or services. Talk about the market you are targeting. And explain what stage of development your company is in. If you get hung up on a particular part of the plan--skip it for a while--and come back and fill it in later. Don't worry about making a perfect first draft--just get some thoughts down to get the process going and you can always come back and polish it up later.

KEEP IN MIND YOUR AUDIENCE

Throughout the writing of your business plan you want to keep in mind your intended audience and why you are writing the plan. For example if you are trying to attract equity investors you will want to emphasize the big upside profit potential. At the same time you need to be especially careful to adequately disclose the risks and uncertainties in your business. If you are trying to get debt financing you want to emphasize not the huge upside profit potential--but the certainty that the debt can be repaid. If you are writing a plan to help you run the business better you may skip or write very simple sections with general background information on the company and the industry, and instead focus in more depth on the areas of your plan that are currently most important to you.

STRATEGY IS THE CORE OF YOUR BUSINESS PLAN

Basically first half of your business plan should be geared towards helping develop and support a solid business strategy. You look at the market, the industry, customers and competitors. You look at customer needs and the benefits of current products and services. You evaluate the strengths and weaknesses of each competing firm and look for opportunities in the marketplace. All of these steps are largely aimed at helping you create a strategy for your business. The second half of the business plan is largely to execute your selected business strategy. Your products and services, your marketing and your operations should all closely tie in with your strategy. So while it may be easy to select a smart-sounding strategy for your plan, we recommend you give a lot of thought to the strategy that will set the course for your business.

THINK COMPETITIVELY THROUGHOUT YOUR PLAN

In today's crowded marketplace, you're probably going to have serious competition no matter how creative your business concept is. That is why you need to think competitively throughout your business plan. You need to realistically identify where you will do things in similar manner as your competitors, where you will do things differently, where you have real strengths and where you have real weaknesses. Trying to run a major aspect of your business significantly better than your competitors may be a very difficult challenge. Hence, you are often better to focus in planning on being different than your competition and competing with them less directly. Can you find a particular market niche to focus on? Can you find a unique strategy? Can you position your products differently? Can you use different sales or marketing vehicles?

DON'T OVERREACH WITH YOUR BUSINESS PLAN

A lot of business plans sound good on paper, but don't work in the real world marketplace. It's difficult to attract people to a new product or service. Just because it is better doesn't mean people are going to switch to it. To get business from them, you need to do more than to attract them to your business. You've got to steal them away from someone else's business. It's also quite possible that when you enter the marketplace, that your competitors may react with their own new products or services or by cutting their prices. And while it's easy to overestimate sales projections it's just as easy to underestimate costs--especially for a start-up. There are always going to be a hefty amount of cost overruns, expensive problems, and items that you simply overlooked. So forecast conservatively and try to have an extra cushion of cash tucked in reserve in case there is some contingency.