

Business Plans

Chapter 3

Unit 1

Performance Objectives:

You will examine a business plan from a business in the same sector as your own business (retail, manufacturing, service). You will read a sample business plan outline and use a checklist to determine what pieces you are missing or need to improve in your business plan. You will write answers to questions about the importance of having a complete business plan.

Evaluation Criteria:

Successful completion of this chapter requires an entrepreneur to:

- ❖ Examine a business plan from a business operating in the same sector as your business.
- ❖ Answer questions relating to business plans.
- ❖ List reasons for developing a business plan.
- ❖ Complete a business plan checklist.

Do You Need a Business Plan?

One objective of the BEST® program is for participants to learn the skills necessary to start their own businesses. One way to think through and organize your ideas and plans for your business is to create a formal business plan. Through developing a thorough business plan, even existing business owners can acquire the skills needed to increase, expand, or improve their current business situations, another goal of the program.

Having a well thought-out business plan is critical to the success of a business. According to figures from the Small Business Administration, over 70% of small business failures arise from owners not having developed ALL the parts of a thorough business plan.

Task 1: Do I Need a Business Plan?

Think about the questions below and write your answers to them in the spaces provided.

1. Do you think you need or will need a business plan for your business?
2. What's your main reason for wanting to develop a business plan?

Task 2: Reasons for a Business Plan

List five reasons why a business owner should write a business plan.

- 1.
- 2.
- 3.
- 4.
- 5.

Throughout the course you will be working on creating or improving pieces of a formal business plan. At the end of the course you will take those pieces and put them together into a complete business plan.

Task 4: The Business Plan Checklist

Below is a checklist of the topics that will be included in your final business plan. Go through the checklist and mark the items that you do not have or that you have but wish to improve. (Don't worry if you have to check everything in the list!)

- Cover sheet**
 - Name of Business
 - Names of Owners
 - Business Address
- Table of Contents**
 - 1. Executive Summary**
 - Statement of Purpose (*a description of why you are writing this plan*)
 - Overview of Entire Plan (*a basic summary*)
 - 2. The Business**
 - Mission Statement (*a brief statement about the nature, direction and goals of the company*)
 - Description of Products or Services
 - Legal Form (*sole proprietorship, partnership, corporation, etc.*)
 - Features and Benefits (*what people will gain from owning your product or service*)
 - Location of Business (*very brief description of location*)
 - 3. Market Analysis**
 - Market Segmentation (*description of your broader market*)
 - Target Market (*description of their most likely customers*)
 - Competitive Analysis (*chart and description of competitors and how you will beat them*)
 - 4. Marketing Strategy**
 - Positioning Strategy (*describe how you want to be perceived by the public*)
 - Pricing Strategy (*which type of pricing you will use and why*)
 - Place (*explain your location and reasons for choosing your location*)
 - Packaging (*describe how your products are presented to the public*)
 - Logo (*show sample and explain why you designed it as is*)
 - Promotion (*explain how you will promote your business*)
 - 5. Management Summary** (*describes the skills of people involved in the business and what roles they will play*)
 - 6. Financial Reports**
 - Capital Equipment List
 - Balance Sheet
 - Income Statement
 - Break-even Analysis
 - Pro Forma* Cash Flow
 - Personal Budget