OBJECTIVE: The business plan is the key ingredient for a successful business and is often ignored. This session shows you how to create an individualized business plan, and provides the tools to make it easy.

Session 2: The business plan

What Is A Business Plan?

The primary value of your business plan will be to create a written outline that evaluates all aspects of the economic viability of your business venture including a description and analysis of your business prospects. We believe that preparing and maintaining a business plan is important for any business regardless of its size or nature. But it will not ensure your success. If you maintain a correct assessment of the changing economics of your business, your plan will provide a useful roadmap as well as a financing tool. But if you have miscalculated the potential, then your business plan could become a roadmap leading to failure.

John Powers
Attorney-at-Law

video

From the standpoint of business organization, what mistakes do you see people making most often?

Since the My Own Business, Inc. course is broken down into fifteen of the most important topics to consider in starting or operating a business, your business plan can easily be organized into this same format. Included in this session, and in each of the following sessions, there is a one-page business plan template, which you can fill in and print. (Session 2 contains templates for both Sessions 1 and 2.) When you put these all together, you will have completed your personalized, overall plan.

We suggest that you fill in each section of the business plan, found at the end of each session, as you proceed through the course. Click to view each of the 15 business plan sections

Search engines, libraries and bookstores provide sources that sell ready-made plans for specific businesses. But it is our recommendation that you be sole author of your plan. Write out the plan yourself, in your own words.

Each of the Business Plan Sections can be downloaded from our Web site and provide you with a single, attractively presented

COURSE NAVIGATION

ısiness plan is an essential step for any prudent entrepreneur ɔf the business. This step is too often skipped, but we have ng this ready format to build your plan as you progress through

Dr. Dan Nathanson
Anderson Graduate School of Business
UCLA

video

How much should I tell people about my idea when preparing my business plan?

ɜt start-up entrepreneurs are reluctant to write down their ɘrefore, strongly recommended that you complete each you progress through this course. We make it easy for you by ɜ for both product and service businesses and also an at you can download onto MS Word and customize yourself.

lan's initial assumptions will be correct. Instead, look at your ssessment that you will frequently review and change to ɔeriences. For example, your cash flow projection should be ngoing liquidity (not running out of cash).

ɘ your roadmap to chart the course of your business. But at the outset you cannot predict all of ırface. So after you have opened for business, it is important that you periodically review and update

ın?

be useful in a number of ways.

ll define and focus your objective using appropriate information and analysis.

ing tool in dealing with important relationships including your lenders, investors

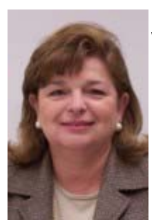
ı uncover omissions and/or weaknesses in your planning process.

ɔ solicit opinions and advice from people, including those in your intended field of y give you invaluable advice. Too often, entrepreneurs forge ahead ("My Way!") ıput from experts who could save them from potentially disastrous mistakes. "My ut in practice can result in unnecessary hardships. To help get started in lining up fill in and use the following template. We have also provided a larger blank template for you to use at the end of this session. People to see include your investors, family members, banker, lawyer, attorney, business mentors, trusted business friends, potential customers, competitors (distant ones), potential landlords, and the U.S. Small Business Administration.

Click To View

What to Avoid in Your Business Plan

Place some reasonable limits on long-term, future projections. (Long-term means over one year.) Better to stick with short-term objectives and modify the plan as your business progresses. Too often, long-range planning becomes meaningless because the reality of your business can be different from your initial concept.



Maureen Costello
Wholesale Distributor

video

If you had to do it over again, what things would you do differently?

Avoid optimism. In fact, to offset optimism, be extremely conservative in predicting capital requirements, timelines, sales and profits. Few business plans correctly anticipate how much money and time will be required.

Avoid language or explanations that are difficult to understand. Do not ignore spelling out what your strategies will be in the event of business adversities.

Don't depend entirely on the uniqueness of your business or even a patented invention. Success comes to those who start businesses with great economics and not necessarily great inventions.

Business Plan Format

The Business Plan format is a systematic assessment of all the factors critical to your business purpose and goals. Here are some suggested topics you can tailor into your plan:

William H. Crookston, Ph.D.
Professor of Clinical Entrepreneurship
University of Southern California

video

We find that many entrepreneurs find it difficult to write out a business plan. Could you cite why this important step should not be overlooked?

A Vision Statement: This will be a concise outline of your business purpose and goals.

The People: By far, the most important ingredient for your success will be yourself. Focus on how your prior experiences will be applicable to your new business. Prepare a résumé of yourself and one for each person who will be involved with you in starting the business. Be factual and avoid hype. This part of your Business Plan will be read very carefully by those with whom you will be having relationships, including lenders, investors and vendors. Templates for preparing résumés are available in your library, Kinko's, bookstores and the Internet under " résumés."

Session 2 of our Building My Own Business course, Getting your team in place, provides detailed recommendations on delegating authority, employee motivation, training and other key management tools.

However, you cannot be someone who you are not. If you lack the ability to perform a key function, include this in your business plan. For example, if you lack the ability to train staff, include an explanation how you will compensate for this deficiency. You could add a partner to your plan (discussed in Section 4) or plan to hire key people who will provide skills you don't have. Include biographies of all your intended management.

Your Business Profile: Define and describe your intended business and exactly how you plan to go about it. Try to stay focused on the specialized market you intend to serve. As a rule, specialists do better than non-specialists.

Economic Assessment: Provide a complete assessment of the economic environment in which your business will become a part. Explain how your business will be appropriate for the regulatory agencies and demographics with which you will be dealing. If appropriate, provide demographic studies and traffic flow data normally available from local planning departments.

Cash Flow Assessment: Include a one-year cash flow that will incorporate your capital requirements (covered in Session 11). Include your assessment of what could go wrong and how you would plan to handle problems.

Marketing Plan and Expansion Plans: Your expansion plan should describe how you plan to test markets and products before rolling out. Refer to helpful government Web sites such as the Small Business Administration. See "Resources" on the home page of this sinesses will experience episodes of distress. Survival will epared to cope with them. Your damage control plan should our business and how you plan to overcome them. Here are

Dr. Dan Nathanson
Anderson Graduate School of Business
UCLA

video

What is the difference between a start-up business plan and one for an ongoing business?

sales: During economic downturns, your survival will depend ain liquidity for a period of at least 12 months. Can your low plan show how to avoid running out of cash? Session 11 ontrol.

c incident: Businesses can be overturned by unforeseen avoided by maintaining appropriate insurance. You will need lified business insurance agent.

olescence: If your business is in a rapidly changing technology area such as Netflix's home delivered plan now to keep a step ahead of technical changes or advancements.

ware is Palo Alto's Business Plan Pro (U.P. $99), a user-friendly business plan software with very wide included. 10% off for MOBI users on Business Plan Pro here.

, especially useful if you are looking for partners or investors, we recommend the Ultimate Business Growthink. We have negotiated a special 50% discount for MOBI users.

Business Plan

ave difficulty writing out business plans. This discipline is going to help you in many ways so **don't skip** easier, here are six steps that will produce a worthwhile plan:

plans furnished in this session.
concept based on the data you have compiled.
can on the feasibility and the specifics of your business concept.
your business. Using a "what, where, why, how" approach might be useful.
e, education and personal information.
he end of each session with clear language and realistic projections.
lan templates from eash session into an MS Word document.
ce your presentation with bar charts, pie charts and graphics.

Does Your Plan Include the Following Necessary Factors

A Sound Business Concept: The single most common mistake made by entrepreneurs is not selecting the right business initially. The best way to learn about your prospective business is to work for someone else in that business before beginning your own. There can be a huge gap between your concept of a fine business and reality.

Dr. Dan Nathanson
Anderson Graduate School of Business
UCLA

video

What informatiuon should I include in my business plan?

Understanding of Your Market: A good way to test your understanding is to test market your product or service before your start. You think you have a great kite that will capture the imagination of kite fliers throughout the world? Then craft some of them and try selling them first.

A Healthy, Growing and Stable Industry: Remember that some of the great inventions of all time, like airplanes and cars, did not result in economic benefit for many of those who tried to exploit these great advances. For example, the cumulative earnings of all airlines since Wilber Wright flew that first plane are less than zero. Success comes to those who find businesses with great economics and not necessarily great inventions or advances to mankind.

Capable Management: Look for people you like and admire, who have good ethical values, have complementary skills and are smarter than you. Plan to hire people who have the skills that you lack. Define your unique ability and seek out others who turn your weaknesses into strengths.

Able Financial Control: You will learn later the importance of becoming qualified in accounting, computer software and cash flow management. Most entrepreneurs do not come from accounting backgrounds and must go back to school to learn these skills. Would you bet your savings in a game where you don't know how to keep score? People mistakenly do it in business all the time.

Financial Management Skills: Build a qualified team to evaluate the best options for utilizing retained earnings. This information is contained in Session 6 of our Building My Own Business course.

A Consistent Business Focus: As a rule, people who specialize in a product or service will do better than people who do not specialize. Focus your efforts on something that you can do so well that you will not be competing solely on the basis of price.

A Mind set to Anticipate Change: Don't commit yourself too early. Your first plan should be written in pencil, not in ink. Keep a fluid mind set and be aggressive in making revisions as warranted by changing circumstances and expanding knowledge.

Include Plans for Conducting Business Online: According to the January 2005 Trend/Forecasting Report of The Dilenschneider Group, in the U.S. alone, the 2004 holiday season online shopping jumped by more than 25% from 2003. (In 2005 it jumped another 25%!) Consumer and business-to-business online sales are set to expand exponentially in the coming decade, and small retailers can reach an ever-increasing pool of customers. Be sure to see the how-to details in the following Session 10, E-commerce.

Formulate (and Reformulate) Your Business Plan

Donald N. Sull, associate professor of management practice at the London Business School, in an article in the MIT Sloan Management Review, offers some practical suggestions on managing inevitable risks while pursuing opportunities. Here is a capsulation of his suggestions on how to formulate (and reformulate) your business plan:

Ezequiel Padilla
Jugos Tropacales
Mexican Food

audio

- Be flexible early in the process and keep it fluid. Don't commit too early. Expect your first plan to be provisional and subject to revision.
- Ask yourself if your experience or expertise gives you the right to an opinion on your specific opportunity.
- Identify your potential deal killers: variables that are likely to prove fatal to the venture.
- Clearly identify what you see as the key drivers of success. What are you betting on here?
- Raise money only in sufficient amount to finance the experiment or evaluation you next envision, with a cushion for contingencies.

> I thought I knew everything. But I didn't have the most important thing: a business plan.

...gers until initial rounds of experimentation have produced a

...plunge and test your product or service on a small scare in the ...omer research, test marketing, or prototypes. ...siness model before expanding your operations.

...s

...usiness plan for any business you

... templates furnished in each

...your business plan as you proceed

... engines) to find business plans ...he Internet. ...s plan in an attractive kit as a

...plan to experts in your intended ...ce. ...es on how you intend to handle

...s and weaknesses of your

...-year cash flow projection. ...modify your business plans to ...conditions.

THE TOP TEN DON'TS

1. Be optimistic (on the high side) in estimating future sales.
2. Be optimistic (on the low side) in estimating future costs.
3. Disregard or discount weaknesses in your plan. Spell them out.
4. Stress long-term projections. Better to focus on projections for your first year.
5. Depend entirely on the uniqueness of your business or the success of an invention.
6. Project yourself as someone you're not. Be brutally realistic.
7. Be everything to everybody. Highly focused specialists usually do best.
8. Proceed without adequate financial and accounting know-how.
9. Base your business plan on a wonderful concept. Test it first.
10. Pursue a business not substantiated by your business plan analysis.

...: Product and Service.

...w the sample plans we have provided. This will help you in formatting your own plan. For some tips on ..., refer to the sample business plans:

Sample Business Plan (Product): Widget Corporation	Sample Business Plan (Service): Smith E-Commerce Consulting
MS Word	MS Word

Business Plan for Sessions 1 and 2: The Business Profile, the Vision and the People

You can now begin to assemble your business plan. If you have not yet selected a business, you can pick one to practice on. Remember, we have provided attractive, individual business templates for each session that you can download as Microsoft Word documents. So start now!

Section 1: The Business Profile	Section 2: The vision and the People
MS Word	MS Word

Instructions on filling in the business plan template:

1. Each box has a permanent title in CAPITAL LETTERS.
2. Below each title is a sentence starting with an "Insert here" sentence. This will suggest information to insert. The boxes will expand as you take up more room so use all the space you need.
3. After completing each box, delete the "Insert here" sentence, which will leave only the permanent title of the box and the information you have inserted.

We suggest that you fill in each section of the business plan as you proceed through the course.

The full template for all sessions 1-15 can also be downloaded into your computer as a single document:

Section 1-15: (Full Business Plan Template)
MS Word

Include sufficient research findings and background materials. Make it interesting by the use of background data, your biography, charts, demographics and research data. When your business plan is completed, print off and assemble the 15 sections.

Many other business plan formats are available in libraries, bookstores and online.

Further Learning

If you'd like to learn more about the topics covered in this session, we recommend taking the following online certificate classes. We are able to offer them to MOBI students at a special price of USD$85 each:

- **Creating a Successful Business Plan**
- **Introduction to Microsoft PowerPoint 2007**
- **Introduction to Microsoft Excel 2010**

***MOBI Students - To take advantage of any special deals or discounts on small business products/services offered in this session, please visit the MOBI Warehouse.**

Session 2 Feedback:

Please help improve this course by taking 20 seconds to answer these feedback questions.

1. **This chapter has convinced me of the importance of preparing a business plan.**

nd suggestions. *(Please fill in)*

ay has this course topic improved your chances of success or reduced risks of failure?
aluable information in this session? Did we make mistakes?

Note: To receive credit toward a Certificate of Completion either **log in to your account** or **create a new account** then take the quiz. If you wish to contine without credit, Submit feedback and proceed to Session Quiz below.

Submit feedback and proceed to Session Quiz ->