

# Defining the Business Plan

# Objectives

- What is a business plan?
- Why write a business plan?
- Advantages and disadvantages of great business plans

# What is a “business plan”?

- Plan for the creation and management of the business
- With special attention to:
  - Marketing plan describing match of products and strategy to current and future markets
  - Operations plan discussing processes
  - Financial plan assessing all revenues, costs, and financial requirements and sources

# What is a business plan?

- Details exactly how the company will materialize from concept to maturity
- Explains the market size and the competitive environment with supporting evidence
- Describes why your team is the right team to capitalize on this opportunity
- Serves as an “owner’s manual” for the company

# Why write a business plan?

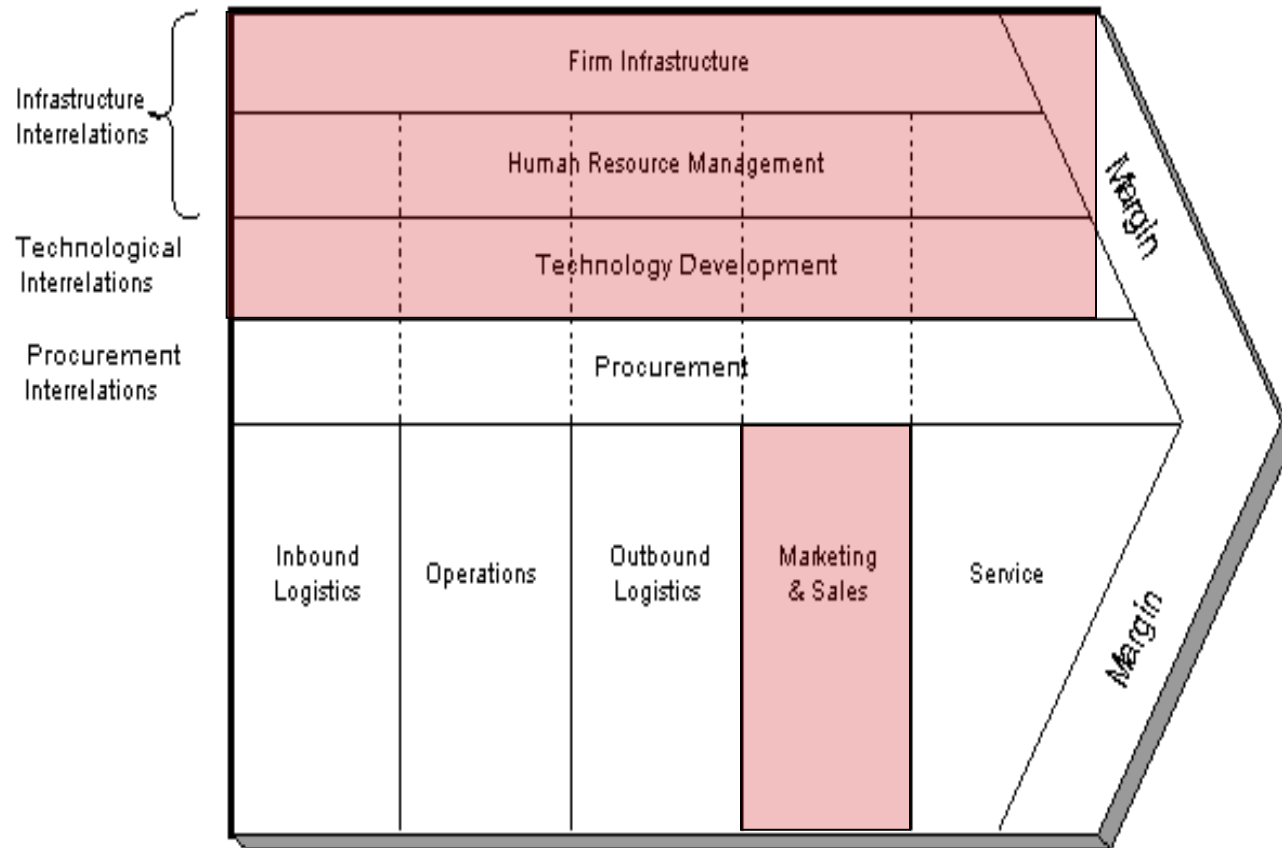
1. Writing forces the person or team preparing the plan to look at the business in an objective and critical manner
2. Helps to focus ideas and serves as a feasibility study of the business's chances for success and growth
3. Finished plan serves as an operational tool to define the company's present status and future possibilities

# Why write a business plan?

4. Helps manage the business and prepare for success or adaptation
5. Serves as a strong communication tool for the business
  - Defines your purpose, your competition, your management, your financial goals, etc.
6. Provides the basis for your financing proposal
  - Required by most banks and investors

# Value Chain

*Evaluate what to do “in-house” vs. outsourcing*



# Advantages of *great* business plans

- Yardstick to measure performance
- Starting point for operations, marketing, and financial plans
- Demonstrates focus and the plan for profits
- Connects all of the elements of the company
- Can assist in attracting management team and employees
- Greatly improves fundraising ability



# Disadvantages of *great* business plans

- Requires significant research and thought
- Must stand up to criticism and challenges
- Requires your honest, critical appraisal
- Needs regular, recurring updates
- Demands acceptance by the management team

# Summary

- Business plans are the **owner's manual** for your company
- Provides a **tool** to plan, track, and adapt your company
  - And to raise financial capital
- Requires significant time to write
  - And to revise to stay relevant