

Crafting a Business Plan and Building a Solid Strategic Plan

Business plan

A written summary of an entrepreneur's proposed business venture, its operational and financial details, its marketing opportunities and strategy, and its managers' skills and abilities.

Business plan

- A business plan serves two essential functions.
- First, it provides a battery of tools.
- The second function of the business plan is to attract lenders and investors

Business plan

- To get external financing, an entrepreneur's plan must pass three tests with potential lenders and investors: (1) the reality test, (2) the competitive test, and (3) the value test
- The first two tests have both an external and internal component:
- **REALITY TEST** The external component of the reality test involves proving that a market for the product or service really does exist.
- **The internal component** of the reality test focuses on the product or service itself.

Business plan

- **COMPETITIVE TEST** The external part of the competitive test evaluates the company's relative position to its key competitors.
- **VALUE TEST** To convince lenders and investors

The elements of a Business Plan.

- The most common elements of a business plan are:
- TITLE PAGE AND TABLE OF CONTENTS
- THE EXECUTIVE SUMMARY
- MISSION AND VISION STATEMENT
- DESCRIPTION OF FIRM'S PRODUCT OR SERVICE
- BUSINESS AND INDUSTRY PROFILE
- COMPETITOR ANALYSIS

The elements of a Business Plan

- MARKET ENTRY STRATEGY
- MARKETING STRATEGY
 - a. Showing Customer Interest
 - b. Documenting Market Claims
 - c. Target Market
 - d. Advertising and Promotion
 - e. Market Size and Trends
 - f. Location
 - g. Pricing
 - h. Distribution

The elements of a Business Plan

- ENTREPRENEURS' AND MANAGERS' RÉSUMÉS
- PLAN OF OPERATION
- PRO FORMA (PROJECTED) FINANCIAL STATEMENTS
- THE LOAN OR INVESTMENT PROPOSAL