9 Easy steps to write a Business Plan

Writing a business plan is a fundamental step to ensuring your business has every chance of succeeding. Common statistics state that 9 out of 10 businesses fail on the first 5 years of operation, and of the remaining 10%, 90% fail in the following 5 years.   

Why? There may be a number of reasons - from poor customer service, inadequate product, poor logistics management and cost control. However, the number of businesses that do not define their goals and map out their path to success is phenomenal. Taking the step to define your business goals, plan where you want to go and what you want to achieve will place you in an increased position of future success and realization of your dreams.

Below is a list of the areas you need to consider when writing your business plan. These steps will help define the business goals, the reason for existence (of the business), and define the direction you will take.

**Step 1- Define your vision**

You may know inside your head why you want to start a business, and what business it will be. However, your staff will not know this information, and after a time, you too will also forget some of the details. Write down what your mission is your purpose and vision for the company. This sets the tone for all business and actions taken on a daily basis, working toward achieving your mission and purpose.

**Step 2 - Set your goals and objectives for the business**

Think big. Do not let your own limitations impact on what you think your business is capable of achieving. Define what you short (less than 12 months), medium (1-3 years time frame) and long term goals (usually 3-5 years timeframe) will be. Think of topics such as how much revenue do you want to generate? How many outlets will you have? How much passive income will it produce for you in the future? How many customers on your database will you have? What will be your geographic area of influence? These goals will be a combination of your personal goals for your own life blended with that of the life of the business.

**Step 3 - Define your USP**

In order to stand out form the crowd, it is imperative that you know and define your USP Unique Selling Proposition. What it is that you offer and provide that is different to other people in the market? It may be that you offer additional services to your core product; it may be that you have a more personalized customer service approach; it may be your after sales service and warrantee on the product. What is it that your customer will be attracted to above other businesses offering the same service or product? Once you know this, then you can use it as a focus for your customers to recognize you and remember you.

**Step 4 - Know your market**

Have you ever thought up a brilliant idea and began to investigate it, only to find out that another business has already started with that exact same idea? This happens daily to many people, but do not be discouraged. The marketplace is huge and can support a number of businesses providing the same service. Look at petrol stations and dry cleaners as an example. So, get to know the market your market. How many competitors are there? What do they offer? What have the trends been in the industry? What might be the future trends and predicted growth/decline of the industry? Are there any benchmarks you can base your business performance on, such as profit margins, expected turnover per business size, and so on? Once you have a broader picture of the market you are entering into, you will be better equipped to handle and maximize your potential business growth.

**Step 5 - Know your customer**

Without doubt, this is one of the most important aspects of running a business. You must know your customer. For the most part, products or services that are not a necessity, and where there are a number of suppliers for the same item, your customer will buy on emotion. Understanding and defining why they do what they do is the key to success. There may be a number of factors that are common amongst your target audience for your business services. By researching and finding out what these are, you will be able to see what areas you can focus on where there is a need, and what areas will not interest them. Write down what your ideal customer will look like, behave like and want from you. Seeing your business through their eyes will help to highlight your strengths and any weaknesses you might have.

**Step 6 - Research the demand for your business**

It is important to know what the demand is for your product, before spending large amounts of capital on your business. Do not go off your gut instinct as to whether there are droves of people waiting to buy your product. The simple rule is this if the demand exceeds supply, business will be great. If supply exceeds demand, your business will eventually die. A saturated market can only support a few businesses, and often these organizations have a USP clearly defined that helps them stand out from the rest. Secondary research can be conducted from your home (via the Internet), the library and some government offices, that can help you ascertain the levels of demand for your product or service. Primary research talking to your target audience and gathering the data yourself may be needed. This is by far the better option of finding out the results know, rather than spending your savings and capital on a business that gives a low or negative return in the future! .

**Step 7 - Set your marketing goals**

Having completed the market research and defined why you want to do business in the first place, you will need to set some marketing goals. These are goals that relate to your product, your price, your distribution or provision of service, and your promotions. So many organizations want to start at this end of the planning process, but they miss the most important areas. Your marketing goals will need to be measurable and help you reach your primary objectives for your business. For example how many products will you sell? What product development strategy will you have? What are your price margins? How will you deliver your product or service to your customer? How will your customer know about you, and how will you promote your business? These are all sample questions designed to generate ideas and goals for the marketing of your business.

**Step 8 - Define your marketing strategy**

Having defined your marketing goals, you will need to plan in detail how you will achieve these goals. How many items will you produce, and at what price margin (that will give you your desired revenue goal)? What delivery system and what geographical area will you cover? In what areas and how will you promote your business? Will you use TV, radio, or print advertising or all three? You can be very specific if you have to, as this is one of the major plans you will be referring to through the course of your business life, so be comfortable with it and know how to use it.

**Step 9 - Take Action!**

This is the MOST important step of all. Take action! All of the preparation in the world will never earn you a single dollar if you don t actually open your doors and make the phone calls that will bring the customer to you. Even if your business planning process has highlighted that maybe this area of business isn t for you don t let that stop you from finding one that is. If your ultimate dream is to be happy, healthy and wealthy, then there is a business for you. If you are doing something everyday that gets you closer to your ultimate goal, then your business plan will provide the direction and focus for the journey. So, begin taking action today, and reap the rewards that will follow.