

How To Write Your Own Business Plan

You only get one chance to make a first impression

A Business Plan is your brochure to attract support for your business by conveying its growth potential. Simultaneously it should sell your concept to potential lenders and investors, as well as set forth a strategy for your Management Team.

The Business Plan preparation process is similar to managing a business:

Vision >> Preparation >> Implementation

That's why potential backers always use the quality of your Business Plan to evaluate your ability to transform your business concept into a viable, cash generating operation.

This is how your business information should be organized:

Company Description

Explain your business concept, its mission, history, status and strategic plans.

Management

Potential investors view the management team as the most reliable predictor of future business success. Describe your management team, their backgrounds, managers to be hired, the positions to be filled and your key outside advisors.

Market and Competition

Provide details as to market description, market size, location, who will buy your product/service, industry trends and the competitive situation. Explain buying decisions (who & how), market segments, positioning and proposed defensive strategies to fend off competitors.

Product or Service

Describe the features, components, production process, and quality of your product/service. Address the timing of R&D, critical deadlines, milestones, when and how your product/service will be produced, at what cost, regulatory considerations and how the crucial activities of quality control and after-sale service will be accomplished.

Marketing and Sales

Without sales, nothing else is irrelevant.

Base your marketing plan on market research and your USP (Unique Selling Proposition).

Describe your selling plan, advertising, PR, selling methods and sales staff training & compensation.

Financial Information

Presented in the form of Balance Sheets, Statements of Cash Flow and Income Statements, financials are the ultimate scorecard for your business. To be credible, financial projections should flawlessly match the narrative data in your plan and be consistent with the company's past performance (if any).

Funding Request and Exit Strategy

Clearly state how much money you need, why you need it and how & when you will use the funds. Detail your investor/financier offer by proposing the security, collateral, share of growth, percentage of income, downside risk upside potential, and the repayment plan. Project a probable exit strategy.

Executive Summary

Potential investors first read the Executive Summary to determine whether or not they want to read the rest of your plan. Although this section is at the front of your plan, it is written last. It must be very exciting – yet concise.

Get It Done

Once your information is organized, decide how it will be put together into an effective Business Plan – on time – on budget. There are three ways to do this:

Write it Yourself

To convey your personal enthusiasm and commitment

Use Business Plan Software

Avoiding the "boilerplate" look investors always recognize

Contract a Professional Consultant

To expedite the process with objectivity, experience, advice and fresh ideas

Presentation

Rewrite, edit, copy and bind your Business Plan.

Prepare 2 presentations:

- A 30 Second "Elevator" Presentation
- A 20 Minute "Road Show" Presentation.

Business Plan Pitfalls to Avoid

The First 90 Seconds are Critical

Your plan may never be read in its entirety.

Most investors and financiers are busy people who see hundreds of plans each year.

Ensure that your plan has immediate, aesthetic attraction that excites the reader and compels them to read your entire plan.

Management Team and Key Advisors

A great management team can make even a mediocre idea successful, but a great Idea rarely survives a mediocre management team.

Clearly articulate your Management Team's objectives and action plans. Anticipate problems and have contingency plans.

Sustainable Competitive Advantage

Your plan should demonstrate and that your Management Team can maintain long-term competitive advantages.

Do not underestimate your competitors' capacities, overestimate your strengths or build your business on a "low cost provider" strategy.

Revenue Growth & Profitability

Top line growth is great - but bottom line success is essential.

Financial assumptions must be credible and exactly match the plan narratives.

Financial projections should be consistent with both historical results and generally accepted accounting principles.

Inaccuracies, Inconsistencies and Biases

Errors, inaccuracies, inconsistencies and lack of objectivity will unnecessarily distract readers and create a negative impression which will be very difficult (if not impossible) to overcome.

You only get one chance to make a first impression - do it right the first time.

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