Creating a winning Business Plan
Overview

- This workshop covers all the components of a business plan (business description and focus, location selection, knowledge of the competition, marketing strategy, financial plan, personnel/management needs, strategic plan for business growth) to help entrepreneurs and small business owners get off to a fast start.
General structure of a business plan

- Description of the business
- SOWT analysis
- Objectives
- Strategies: business and marketing
- Tactics
Business Name

**Hint:** When you think of the name of your business, make sure that it captures the spirit of the business you’re creating.
Description of Business

What will your business do?

*Hint: Imagine that you are explaining your business to a family member or a friend. The business should be easy to explain. Keep your description short.*
Form of Business Ownership

What form of business ownership (sole proprietorship, partnership, or corporation) will your business take? Why did you choose this form?
Ideal Customer

- Briefly describe your ideal customer. What are they like in terms of age, income level, and so on?

*Hint: You don’t have to give too much detail in this part of the plan; you’ll provide more details about customers and marketing in later parts of the plan.*
Our Advantages

Why will customers choose to buy from your business, instead of your competition?

Hint: In this section, describe what will be unique about your business. For example, is the product special, will customer service be exceptional, or will you offer the product at a lower price?
Ethical Issues

- All businesses have to deal with ethical issues. One way to address these issues is to create a code of ethics. List three core (unchanging) principles that your business will follow.
Social Responsibility

- A business shows social responsibility by respecting all of its stakeholders. What steps will you take to create a socially responsible business?

- *What steps can you take to be a good citizen in the community? Consider also how you may need to be socially responsible toward your customers and, if applicable, investors, employees, and suppliers.*
Business Mission

- What is the purpose of its existence?
- The mission must be defined in terms of benefits for the business’s customers rather than in terms of goods/services.
Today’s Situation Analysis

S.W.O.T.

- Perform a basic SWOT analysis for your business
- S.W. – Internal Environment
  - Financial, Human, Physical Resources
  - Information
- O.T. – External Environment
  - Demographic, social, economic, political-legal, technological and natural environment.
  - Competition
Objectives

- Consider the goals for your business. What are three of your business goals for the first year? What are two intermediate to long-term goals?
- The objectives must be
  - **S** - specific
  - **M** - measurable
  - **A** - attainable
  - **R** - realistic
  - **T** – time framed
Management

- Who will manage the business?
- Hint: Think about how many levels of management as well as what kinds of managers your business needs.
Organization Chart

- Show how the “team” fits together by creating a simple organizational chart for your business. Make sure that your organizational chart indicates who will work for each manager as well as each person’s job title.

  **Hint:** Most businesses start off quite small. However, as you create your organizational chart, consider what your business will look like in the future. What different tasks are involved in the business? Who will each person report to in the organizational structure?
Floor Plan

- Create a floor plan of the business. What does it look like when you walk through the door?
- *Hint:* *When sketching your floor plan, consider where equipment, supplies, and furniture will be located.*
Raw Materials and Supplies

- Explain what types of raw materials and supplies will you need to run your business. How will you produce your good or service? What equipment do you need? What hours will you operate?
Quality Assurance

- What steps will you take to ensure that the quality of the product or service stays at a high level? Who will be responsible for maintaining the quality of the product or service (or both)?
Corporate Culture

- What do you see as the “corporate culture” of your business? What types of employee behaviors, such as organizational citizenship, will you expect?

- Hint: Will your business demand a casual environment or a more professional environment?
Leadership Philosophy

What is your philosophy on leadership? How will you manage your employees day-to-day?
Job Descriptions

Looking back at your organizational chart, briefly create a job description for each team member.

*Hint: A job description lists the duties and responsibilities of a job; its working conditions; and the tools, materials, equipment and information used to perform it. Imagine your business on a typical day. Who is working and what are each person’s responsibilities?
Next, create a job specification for each job, listing the skills and other credentials and qualifications needed to perform the job effectively.

*Hint*: As you write your job specifications, consider what you would write if you were making an ad for the position. What would the new employee need to bring to the job in order to qualify for the position?
Training Employees

What sort of training, if any, will your employees need once they are hired? How will you provide this training?
Compensation

A major factor in retaining skilled workers is a company’s compensation system—the total package of rewards that it offers employees in return for their labor. Part of this compensation system includes wages/salaries. What wages or salaries will you offer for each job? Why did you decide on that pay rate?

*Hint:* You may want to check out sites like [www.salary.com](http://www.salary.com), which includes a salary wizard you can use to determine how much people with different job titles are making in your area and across the United States.
Incentives

- Incentive programs are special programs designed to motivate high performance. What incentives will you use to motivate your workforce?

- Hint: Be creative and look beyond a simple answer such as giving pay increases. Ask yourself, who are my employees and what is important to them?
Marketing Strategies

- Target market
- Marketing mix
  - Product
  - Price
  - Place
  - Promotion
    - Advertising
    - Personal selling
    - Sales promotion
    - Public Relations
Target Market

- Define your market – gender, age, family life-cycle, class, ethnicity, size, spending power, location, psychographics.
- What are the needs, wants and demands of your target?
- What benefits does the organization offer to each segment? How do these benefits compare with benefits offered by competitors?
- Who buys the firm’s products? How does a potential customer find out about your business? When and how does a person become a customer?
- What publics other than target markets (financial, media, government, citizen, local, internal) represent opportunities or problems for the firm?
Marketing Mix - Product

- Describe the features and benefits of your product or service.

*Hint:* A product is a bundle of attributes—features and benefits. What features does your product have—what does it look like and what does it do? How will your product benefit the buyer?
Product Differentiation

- How will you make your product stand out in the crowd?
- Hint: There are many ways to stand out in the crowd, such as a unique product, outstanding service, or a great location. What makes your “great idea” special? Does it fill an unmet need in the marketplace?
- How will you differentiate your product to make sure that it succeeds?
Marketing Mix - Price

- How price sensitive are the customers?
- Mark-up, status-quo pricing or demand oriented?
- Are discounts offered, and why?
- What methods of payment are accepted?
- Skimming or penetration strategy?
Marketing Mix - Place

- Where, how, when do you sell your products/services.
- Direct delivery or using intermediaries?
- How good is the access to facilities?
- Are you visible?
- Location, atmosphere, waiting time.
Marketing Mix - Promotion

- How does a typical customer find out about the firm’s products/services?
- The message must be designed for the target audience. And suggest the benefits of the product/service.
- Inform, persuade, educate, and remind!
- Do you have a budget for promotion?
Promotion - Advertising

- Media decision: TV, radio, outdoor, magazines, newspapers, Internet...
- Message decision – Do you use an advertising agency?
- Follow up!
Promotion – Personal Selling

- Sales force
  - Training
  - Compensation
  - Match it with the target market!
  - Database marketing.
  - Are customers made to feel appreciated?
Promotion – Sales Promotion

- Short term incentives to increase the sales.
  - Coupons
  - Discounts
  - Samples
  - In store promotion
  - Gifts, contests

- Do you target the customers and the sales personnel?
Promotion – Public Relations

- Press release, news letters, press conferences, word of mouth...
- Who is responsible?
- Web-site?
- Do you have a plan for bad publicity?
- Mass media, fire department, police department, schools other publics...
IT Resources

- What kind of IT resources will your business require?

  Hint: Think about the employees in their business and what they will need in order to do their jobs. What computer hardware and software will they need? Will your business need a network and an Internet connection? What type of network?
Customer Services

- How will you use information technology to keep track of your customers and potential customers?

  **Hint:** Many businesses—even small businesses—use databases to keep track of their customers. Will your business require a database? What about other information systems?
Cost of Doing Business

- What are the costs of doing business? Equipment, supplies, salaries, rent, utilities, and insurance are just some of these expenses. Estimate what it will cost to do business for one year.

- Hint: Insert the costs associated with doing business in the following table. The list below provides some hints as to where you can get this information. Note that these are just estimates—just try your best to include accurate costs for the expenses you think will be a part of doing business.
Hints for each expense in the table below:

- **Rent:** Refer to the floor plan. How many square feet is your place of business? What is the “going rate” per square foot for office space in your community? A real estate agent or a local SBA representative (www.sba.gov) can also be helpful in answering this question.

- **Salaries:** Refer to the organizational chart. How much will each employee earn? How many hours will each employee be needed on a weekly basis? Once you’ve determined the weekly cost, then expand it to a monthly and a yearly cost.

- **Supplies:** Refer to the floor plan. How much will all of the computers, equipment, and furniture cost? What kinds of general office supplies will you need? Most prices for this information can be found on an office supply website such as www.staples.com.

- **Advertising and Other Promotions:** Refer to your marketing section. You have described how you wish to reach your customer—now you need to decide how much it will cost. If you are using television, contact the sales department at a local station. If you are using newspaper, contact their advertising department. Salespeople are usually happy to answer your questions.

- **Utilities:** These amounts will vary, depending on your business and what utilities you will pay. If your business looks like an office, then this cost may be similar to what a homeowner pays. However, if your business involves making a product, then the costs will be significant. An SBA representative can be a good resource.

- **Insurance:** This value will be affected by the nature of the business. More equipment will usually mean higher insurance costs. Again, contact an SBA representative for feedback.

Dr. Lucia Gheorghiu
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<th>Expenses</th>
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Expected Revenue

- How much will you charge for your product? How many products do you believe that you can sell in one year (or how many customers do you think your business can attract)? Multiply the price that you will charge by the number of products that you hope to sell or the amount you hope each customer will spend. This will give you an estimate of your revenues for one year.

- **Hint:** You will use the amounts you calculate in the costs and revenues questions in this part of the plan in the accounting statements in the next part, so be as realistic as you can.
Create a balance sheet and an income statement (profit-and-loss statement) for your business.
Startup Costs

How much money will you need to get your business started?

*Hint: Refer back to that part of the plan, where you analyzed the costs involved in running your business. Approximately how much will you need to get your business started?*
Financing

How will you finance your business? For example, will you seek out a bank loan? Borrow from friends? Sell stocks or bonds initially or as your business grows?
Executive Summary

- Now, create an executive summary for your business plan. The executive summary should be brief—no more than two pages long—and should cover the following points:
  - The name of your business
  - Where your business will be located
  - The mission of your business
  - The product or service you are selling
  - Who your ideal customers are
  - How your product or business will stand out in the crowd
  - Who the owners of the business are and what experience they have
  - An overview of the future prospects for your business and industry
- **Hint:** At this point, you’ve already answered all of these questions, so what you need to do here is put the ideas together into a “snapshot” format. The executive summary is really a sales pitch—it’s the investor’s first impression of your idea. Therefore, as with all parts of the plan, write in a clear and professional way.
- Once you have written the executive summary, copy and paste it so that it falls at the beginning of your business plan, as the very first element.

Dr. Lucia Gheorghiu