

Business Plans Help Owners Develop Tactics For Future

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Preparing business plans is the most important key to determining if the business truly is viable enough to succeed and grow.

Business plans are written for three major audiences: the internal management team, potential lenders and investors and potential partners, advisors and employees.

Whether starting a new business, expanding an old one or improving a current business, a business plan is an indispensable tool. These plans can help judge the abilities of the business owner and the potential profitability of the business.

Before drafting business plans, revisit the original business concept. List and prioritize the things needed in order to pursue the business idea and the skills needed to accomplish goals. Drafting begins with the mission statement. This is what business leaders hope their business will be and do.

The mission statement is the opportunity to demonstrate the focus and scope of the business. Sufficient time should be spent developing a mission statement and directing all subsequent strategies and tactics toward implementing this mission. The plan should also include background information, such as past and present industry trends.

The marketing plan section of the business plan outlines the business's strengths and describes how it will be positioned in the market. One part of this section should include a description of the products and services offered by the business. Also include a market analysis, which presents the target market and overall marketing efforts. Demographic and psychographic data will help describe this target market. One section also should cover the competitive analysis including potential competitors and their strengths and weaknesses.

The financial plan is the longest and most important section of the business plan. This is where financial requirements for launching or growing a business is listed. Financial worksheets present many important details on the management, such as how much the business will pay each month for salaries, wages and benefits, outside services, insurance, advertising, occupancy expenses and sales forecasts.

The final written piece, but the beginning of the business plan, is the executive summary, or the opening argument. It's a chance to take the floor and convince the audience the business is viable. Although the executive summary is written last, it's the first thing readers see; it must capture and hold their attention. The executive summary comprises condensed versions of the major sections of the business plan.

When writing the summary keep in mind the three C's: be clear, concise and convincing.

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SOURCES: Marilyn Schlake, Associate Director, Center For Applied Rural Innovation, NebraskaEDGE program; NX Level Guide, 2000