



YOUR PRACTICE / BUSINESS

Let's Build a Business Plan

WHY YOU NEED ONE AND A STEP-BY-STEP OUTLINE

Shellie Goldstein, DAPM, AP, LAc

WHAT YOU NEED TO KNOW

- A good business plan helps to define your target market, competitive advantage and optimum pricing strategies, and prepares the business for upcoming challenges.
- Developing a SWOT analysis can help you look at your business in a new way and from different directions. It can also help you to create or fine tune your business strategy.
- The more you know about your business, your prospective customers and the competition, the greater the likelihood that your business will succeed.

Editor's Note: Shellie takes a break from her regular column topic in this issue to discuss business planning.

According to the Small Business Administration (SBA), approximately 33% of small businesses fail in the first two years and 50% fail within five years, primarily due to inadequate planning. This includes lack of funding or working capital, poor management, ineffective business planning, and marketing oversights. As a small-business owner of over 30 years, I found the key to my success was taking the time to create and follow a comprehensive business plan.

A business plan is the document that reveals the tenability of an idea by outlining the business, its goals and how to achieve them. Even if you believe your idea is a sure winner, take the time to research and evaluate it with a proper business plan. The more you know about your business, your prospective customers and the competition, the greater the likelihood that your business will succeed.

Why You Need a Plan

A good business plan helps to define your target market, competitive advantage and optimum pricing strategies, and prepares the business for upcoming challenges. Writing a business plan ensures that you pay attention to the broad operational and financial objectives of your new business and the small details, such as budgeting and market planning. The process will ultimately make for a smoother startup period and fewer unforeseen problems as your business grows.

Updating and amending a business plan as the business develops and its goals change is vital to success. Viable businesses are dynamic; they change and grow. For established businesses, as you set new goals, the original business plan needs to be revised. Reviewing a business plan can help to see what goals have been accomplished, what changes need to be made, or what new directions the business growth should take.

A good business plan can help:

- Reveal the tenability of your idea
- Determine whether your business has a chance of making a (good) profit
- Provide an estimate of your startup costs, and how much you'll need to invest or finance
- Provide a revenue estimate by defining your market, your customers, and percentage of the market you can realistically reach
- Devise an effective marketing strategy to quickly create revenue
- Compete in the marketplace
- Anticipate potential problems so you can solve them
- Convince investors and lenders to fund your business

A Step-by-Step Outline for Writing a Business Plan

Executive Summary: Begin your business plan with an executive summary. This is the business overview; its purpose is to summarize the key points of a document. It must be clear, concise and enticing.

Briefly describe your business and why it will be successful. Include your mission statement, your product or service, and basic information about your business leadership team, employees, and location. If you plan to ask for financing, you should include financial information and high-level growth plans.

Business Description and Overview: Next, describe detailed information about your business. Summarize its history, ownership, mission, and/or vision statement. Specify the consumers you expect to serve.

What are the problems your business resolves? What are the competitive advantages that will make your business a success? Are there experts on your team? Have you found the perfect location for your business? Your business description and overview is the place to highlight your strengths.

Service/ Product Description: In this section, detail your service or product, its unique features, and potential future services or products. How does your product or service benefit your target customer? Explain what the service or product does, how it works, and how it can be put to consumer or commercial use.

Write a description of the service's or product's physical characteristics, including colors, finishes, sizes, specifications, and ingredients. Use photographs, diagrams and other graphics to describe the service or product.

Target Market: What is your business outlook and target market? Define your target market. What

are your strengths compared to other businesses? In your market research, look for trends and themes. What do successful competitors do? Why does it work? Can you do it better? What is your unique selling proposition? Optimum pricing strategies? How do you intend to sell and deliver your services or products to customers?

Competition: Competitive research will show you what other businesses are doing. Describe your competition and how you plan to compete against their current strategies. Understanding the competitors of your industry including their outlook, target market, strengths and weaknesses, helps you to navigate your competitive edge.

In your market research, look for trends and themes. What do successful competitors do? Why does it work? Can you do it better? Now is the time to answer these questions.

Strengths, Weaknesses, Obstacles, Threats (SWOT): A SWOT analysis is the compilation of your business strengths, weaknesses, opportunities, and threats. The primary objective of a SWOT analysis is to help develop a full awareness of all the factors involved in making a business decision.

Developing a SWOT analysis can help you look at your business in a new way and from different directions. It can also help you to create or fine tune your business strategy.

Solutions to SWOT: Managing risk by anticipating and preparing for risks against your business is one of the most important aspects of business planning. Prioritize risks and threats according to their likely long-term impacts on your business. Play to the strengths of the business and be flexible enough to adjust in real time.

Marketing Tactics: The marketing strategy is the plan to get your product or service in front of customers. This section of the business plan is the place to include your ideas for promotions (online or traditional methods), as well as how you physically plan to sell your service or product (brick-and-mortar, e-commerce, etc.).

The exercise of budgeting and market planning will help to define your target market and analyze your unique selling strategies. Developing a budget for implementation will also assist in determining your startup and operating capital requirements.

Goals / Timeline: A timeline identifies the milestones of your business plan. This may include the number of employees, number of locations, sales targets, and net revenue expected. Indicate what date they are expected to be reached. Goals / timelines help to focus on the bigger picture and prevent getting caught up in the day-to-day operations.

Financials and Budget: Your financial plan may include your business income (profit and loss) statements. It can also encompass your capital requirements if you pitch your ideas to investors. If seeking investors, describe the investment amount you require with a repayment plan. If you have collateral you could put against a loan, make sure to list it.

If your business is already established, include income statements, balance sheets, and cash flow statements for the past three to five years. Include forecasted income statements, balance sheets, cash flow statements, and capital expenditure budgets. For year one, be even more specific and use quarterly or even monthly projections.

Metrics to Measure Success

There are many metrics to measure success. In addition to measuring your business revenue, gross

margin vs. net profit margin, and business growth, consider other markers. These include an improvement in customer base, qualified leads per month, and customer loyalty and retention.

Practical Takeaway

A business plan is the essential written document that provides a detailed description and overview of your business and its future. The plan should clearly explain your business strategy and your key goals to get from where you are now to where you want to be in the future. As the business develops, so should its business plan.

The more you know about your business, your prospective customers and the competition, the greater the likelihood that your business will succeed.

OCTOBER 2023