

Business Plan - What is it and Why do it?

So you want to start a business?

1. A sustainable business must
 - Meet a market need/desire in a "big enough" market
 - Define its product and identify its best customers
 - Price to cover direct costs AND the cost of the administration that supports your product (accounting, admin, marketing, transport, etc, etc) AND also to invest for future growth (or extraordinary expenses). More importantly, and tricky, price according to the value to the customer; there is art and science to figuring this out (comparables).
2. What will you do to make your customer buy the 2nd, 10th and 100th times? (hint: Quality/price match, product & service consistency, and customer service.)
3. Dream big, but start small; test and then build out.

What's the difference between a Business Plan and a Strategic Plan?

When you are a new company, just starting, or not yet running, you do a *business plan* to figure out

- If it makes sense to do this, and/or how
- To think through the challenges and how you'll manage them
- To get investors to believe in you and give you money

Ultimately, a Business Plan is what you want to do, how you are going to do it, why you'll be successful, and by when.

If you are an existing company, you do a *strategic growth plan*

- To help decide where and how to allocate your human, financial & operational resources; are there new challenges you need to address? new trends or opportunities to manage or take advantage of?
- To set goals - for your operations, financial, marketing, and plans-- to achieve in the next 3 years

A Strategic Plan is a "this is our background, this is what we've done and want to do, and this is how we'll do it."

So, what is included in a business plan and why do one?

As your business grows, you might need to borrow money --to invest in more equipment, expand production, hire more, etc and they will probably require a business plan. Why?

- The 7 Ps - Proper Planning and Preparation Prevents Piss Poor Performance (UK military saying)
- 30% of businesses fail in the first 2 years; 50% in the first five.

In other words, the bank, angel investor, or venture capitalist wants to see that you've identified and thought through the issues, your competition and market, how to manage them while growing your business.

Something to remember...you must back up your business intuition and claims with numbers,

- Preferably formal published research, but even your own informal focus group can work
- eg 1.4 M tourists /year to Anytown, expected to grow at 3% next year, they spend \$xxx, if 1% take advantage of our service, we will have \$ X million in revenues, etc.

Remember to compile a document addressing the 8 sections

1. Industry/Market Analysis (industry trends and segments, product trends, who are your customers, what do they care about, how big is the market now, demographic & preference trends)
2. Competitive Analysis (who are the current and potential players in your market, their strengths/weaknesses, your differentiation)
3. Marketing & Sales Plan (4 Ps - product, price, placement, promotion; what is unique that will make customers purchase again from you not competitors)
4. Management Team (resumes, highlighting industry experience, and showing all the necessary skill sets)
5. Operational Plan (logistics and processes -- where do you get your supplies, how do you make your product, how do you store it, and how do you get it to market)
6. Financial plan (cost structure, budget, break-even point, and projected growth)
7. Future growth (scalability, expansion into other similar business segments or products, potential partners, etc)
8. Summary of the Business and Investment Opportunity

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If you would like help developing your Business Plan, or with other Marketing or General Management issues, please contact us at info@glocalconsultantsgroup.com or call +1-773-218-8270 or +1-347-480-8679.