

The 5-step B-Plan

Creating a business plan is easier and less time consuming than you probably think.

While some business plans are as thick as phonebooks, there is no length requirement.

As long as your business, strategy, numbers and projections are clear and realistic, you can be succinct. Business plans are important for two reasons, one so *you* can be clear about your business, its mission and your financials and two so you can present your business in a clear and concise way to outside investors if you are looking for cash. My first business plan was 10 pages and very concise. I was able to secure an investor with it and also have very clear plans and goals.

1) Executive summary: This is a very tight and to the point one to two page overview of your business idea and its general strategy. My business idea was to sell financial products to investors. But whatever your summary, make sure it gives the reader a clear snapshot of your intentions, whether it is a jewelry business, physical therapy practice, e-commerce website etc.

2) Marketing: This section describes how a business will find and keep customers – after all without customers there is no business. It should include more information about the products and/or services you offer, your unique selling plan, pricing strategies, sales or distribution plans, and advertising and publicity strategy.

3) Finances: This can be a page or two explaining how much money is needed to start your business (based on administrative and material needs including everything from rent to office supplies), how much money you will need over a three or five year period, including unforeseen expenses and down times in your business, when you expect to break even, and make a profit.

4) Management: This is a listing of employees, contracted workers and other professionals that you need to run your business and a brief description of their job responsibilities. Maybe you do not need anyone but yourself. In my case, I did the management and even clerical work myself for the first year, and needed only part time assistance after that. I hired outside professionals on an as-needed basis for accounting, legal work and other financial operations personnel. If you plan on manufacturing something, you may need to work with a factory or craftspeople, or source materials.

Supporting data such as resumes of you and your principles, licenses etc. and other legal documents such as operating agreements are included here.

5) Competition: This is a summary of the other players in your field, as well as an analysis of why your business is different or better than existing businesses. How does your business fill an existing but unaddressed need?

Financial Data

Your financial projections can be in the form of a spreadsheet, and some people include a graph. Projections need not be complicated, but they should be realistic. Create a spreadsheet detailing all of your first year monthly fixed and variable expenses, including equipment and supplies. I suggest creating a 5-year projection for total expenses and income, showing your estimated break-even point (when your expenses are equal to your income) and timeframe for projected profits (when your income is more than your expenses).