

The Value of Business Plans: It's not how heavy it is – It's how you are able to use it.

By George Scott

I am sure you have heard the saying, “A business without a business plan is like a ship without a rudder.” Conceptually, I agree.

However, I disagree with those who claim that a one-page business plan will suffice. They are too many relevant details to cover. At the other end of the spectrum, you probably know a fellow business owner who hired someone to create an in-depth business plan – and now has a \$25,000 4-pound door stop.

Relevance: The key to creating a meaningful and useful business plan is to address the details that are relevant to your particular business.

For example, if you are manufacturing widgets in a town with less than 10,000 people, your trade area will need to cover a large geographical area – which may include the entire country, or even the world.

Conversely, if you own a bakery in a city of 250,000 and make the greatest new bakery item since sliced bread, your trade area may only need to be within a 5-mile radius.

Get it on paper: In an alarming number of instances, when I have asked business owners for a copy of their current business plan (and/or marketing plan), their replies have been “It's all in my head.” That is not only scary, it is counter-productive.

Business success is achieved by attracting people – such as quality employees and steadfast customers, as well as open-minded private and institutional money lenders. Your business plan must speak for you when you are not there.

Thus, for all business owners who wish to grow their business and/or to seek funding, developing a written business plan is a must.

Needed base components: While each business plan needs to be tailored to the dynamics surrounding each business, there are certain basic components that must be addressed in each

business plan that include:

- *Product/Service description* – Accurately describe your product or service, its features, and how those features benefit the customer.
- *Market conditions/Competitive analysis* – You need to know what is happening in your industry and what lies ahead, good or bad.
- *Personnel* – Even if you intend to remain a solopreneur, you must address this issue. If you intend to *grow* your firm, acquiring and retaining quality employees is a never ending need.
- *Equipment* – This is critically important if you intend to manufacture your product. A business services firm's equipment needs would be minimal.
- *Financial* – Credible revenue projections, coupled with the depth of your financial involvement will help attract investors.

Dig deeper, as needed: Certain businesses will require greater depth in sections that have greater significance for your business. For example, a manufacturer should address the nearby labor pool and talent acquisition plans for both production *and* administrative employees.

It is strongly recommended that you seek input from your attorney and your accountant, provided that each are experienced with privately-held businesses. Their guidance can be invaluable and help make maximize the usefulness of your business plan.

Overall, when it comes to the creation and development of your business plan, “*let your good (business) sense be your guide.*” That inner voice has helped you make some excellent decisions in the past – it will help you again as you move into your business future.

Subsequent *Special Reports* will provide further details about key components of a business plan.

#

George Scott is President of *Business Consulting Services* (BCS) which helps business owners decide between fixing or selling a business and then helps them implement their decisions. For more information, go to www.businessconsultingsvcs.com or call 517-515-1701.