


Tips For Creating A Good Business Plan






Key Elements

- Invest time in planning the business not just writing the business plan
 - Target your audience
 - Do the research
 - Use good format
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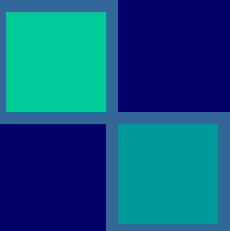



Key Elements

- Know what is behind the numbers.
 - Don't short change the competition.
 - Pay attention to detail.
 - Get a second (or third) opinion.
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Make time to do the job

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- It typically takes several weeks sometimes months to complete a good plan.
 - Most time is spent on research and re-thinking ideas and assumptions.
 - This is valuable time for you to refine ideas, identify and resolve roadblocks
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Target Your Audience

- Tailor the plan to the intended purpose:
 - Obtaining a Loan
 - Attracting Investors
 - See the plan through their eyes and include pertinent, credible information.
 - Lenders will want to see how borrowed funds will be used, how the business or owner will repay the loan and what collateral will be pledged.
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Do the research

- Study why the market will sustain your business.
 - Include emerging trends.
 - Don't gloss over risks.
 - Don't be vague...but support what you say with reliable, honest information
 - Remember to keep notes on your research and your assumptions as you build your plan spreadsheets. This is critical if you are going to present it to funding sources.
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Format:

Do the Easy Sections First

- Don't try to write the plan all at one time.
- Break the plan into sections and sort supporting data in the same way

Format: Executive Summary




- Write this section last.
- Make it enthusiastic, professional, complete, but concise.
- Include everything that you would cover in a five-minute interview.
- Explain the fundamentals of the proposed business



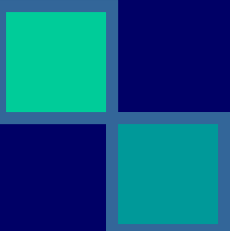

Format:

Where does all this information belong?

- Follow a standard business plan outline but include only the most relevant data in the main body of the plan
 - Consider using an Appendix for supporting information
 - Demonstrates thoroughness without overwhelming the reader
 - Examples:
 - Resumes of key personnel
 - Copies of leases, contracts or detailed asset/equipment list
 - Personal financial statement of owner(s)
 - Samples of promotional materials
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Understand the Numbers

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- Include a start-up budget
 - Know your sales (cash) cycle
 - Include month-by-month details for your cash flow projections and income statement for the first year of business
 - Show quarterly information for two more years
 - Personal financial information may be needed
 - Don't rely on the numbers a consultant or software package spits out
 - Speak in both dollars and units (e.g. sales)
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Include at least two versions of your financial forecasts

- 1) a "best estimate " which is what you expect
 - 2) a "worst case" low estimate that you are confident you can reach no matter what happens.
 - In both estimates be sure to demonstrate that the business can still service any requested financing.
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Don't short change the competition

- If you assume your firm will be the only game in town or if you fail to take existing competitors seriously, you're asking for trouble.
 - Competitors can be a great source of information about what works and what doesn't.
 - Include a competitive analysis table.
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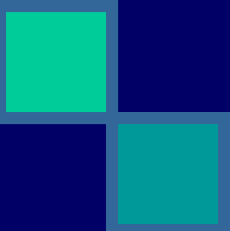



Pay attention to detail

- Recheck all numbers and calculations.
 - Avoid typos, odd fonts or excessive wordiness.
 - Be consistent. Financial projections should link back to the operations and marketing narratives, tables etc.
 - Avoid highly technical descriptions of your products, processes, and operations.
 - If you're trying to raise money, your business plan will have to present solid financial data and market research in a professional, polished package.
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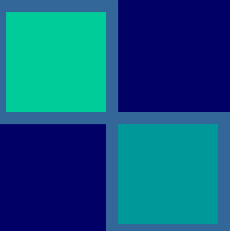


2nd opinions

- Before you go to the bank find someone who can objectively review your plan and point out weakness.
 - Do not mass mail your plan...choose who will read your plan.
 - Keep track of outstanding plans and call back plans from uninterested lenders or investors.
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Resources:

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- Chris Olson
 - Business Consultant SBDC-Western Maryland
 - 5340A Spectrum Drive Frederick, MD 21703
 - 301-600-1967
 - 301-600-1966 fax

 - www.sba.gov
 - www.bplan.com
 - www.smallbiz.att.com
 - www.nolo.com
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