

How to Write a Business Plan

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Once you've come up with a brilliant idea for a home business, the first step to success is developing a plan to carry it out. Many small entrepreneurs think business plans are unnecessary and time consuming to produce. Unless you're going to be requesting a financial loan or investment of some sort your business plan doesn't need to be long or complicated. Having a plan provides a road map for your business and clarifies your original idea; lastly it gets you thinking about what ifs, sometimes having a failure plan can be just as important as the plan for success.

Getting Down To Business: Writing Your Plan

There is no standardized format for writing a great business plan; every plan should however contain the four following essential elements.

- Business description
- Marketing plan
- Financial plan
- Management plan

The following is a widely used outline you can use it as a skeleton when creating your own plan.

Introduction

The introduction should be used to describe your business idea and it's potential, it should contain answers to the following questions.

- What is the purpose and of your business, what will the business do?
- What product / service will the business sell / offer?
- What need does your product fill or what problem does your service sell?
- Why will customers choose to purchase from you?
- What legal structure will your business be established upon?

Being a work from home business, its also a good idea to address basic start up concerns such as office space and storage for products if necessary.

Marketing Plan

Begin your marketing plan by once again stating the product or service your company will provide, then move on to the following points.

- What demand currently exists for your product/service?
- Who is demands this service/product i.e. who are your customers? Create a detailed picture of your target market by discussing sex, age, demographic and income level.
- Who are your competitors in this market; discuss the marketing strategy of each competitor.
- Explain your own marketing strategy and how it compares with the strategies of your major competitors.
- How are your competitors priced?
- What is your own pricing strategy and how does it compare to your competitors strategies?

Financial Plan

Even the smallest of home businesses requires some start-up capital. Creating a financial plan which includes start-up capital, operating costs and a general budget is essential to achieving success. This section should contain the following points.

- How much capital will be initially invested in the business? What is that source of the capital, is it equity or debt financed?
- Provide a detailed breakdown of the initial investment including start-up costs and a monthly operating budget.
- What is the break even point of your business?
- How long will it take for the business to become profitable? (Not the same as the break even point, this includes writing off start-up expenses).
- Produce a predicted income statement and balance sheet for the first two year period.
- What systems will you use to gather and maintain accounting records? Who will be responsible for these records?

Management And Operations Plan

Your management plan should contain answers to the following questions.

- How will you run your business on a day to day basis?
- What is the staff make up of your business? Will you run it alone, with partners or with partners and staff?
- What procedures will you have in place for hiring and managing personnel?
- If you have partners or staff, how will responsibility be delegated?
- What are the job descriptions of everyone in the company, how will responsibility be delegated? (The responsibilities of partners in part depends on what legal entity you register your company as)
- What salaries, leave and benefits are each employee entitled to?