

Writing a Business Plan: Purpose and Benefits

A Presentation by Western Connecticut SCORE

Christopher Tse
SCORE Business Counselor

A Business Idea describes:

- The **concept** of an undertaking that can be used for commercial purposes
- How **value** can be created
- The **direction** the concept will go
- The **long term viability** of the concept

What is a Business?

A **Business** is a range of functional activities organized to achieve a common goal.

For Profit Businesses focuses on profit and growth.

Non Profit Businesses focuses on service and benefit to the targeted community.

What is a Business Plan?

A **Business Plan** is a formal statement that details the goals of a business, the strategy that will be used to achieve these goals.

A **Business Plan** addresses specific functional activities: Business, Offerings, Target Market, Sales and Marketing, Organization, Finance and Accounting, and Competition

A **Business Plan** contains: What actions are to be taken, Why they need to be taken, How the common goals can be achieved through these actions

Example: Apple vs. Facebook

Both businesses have successfully implemented ideas.



facebook

Non Profit Model

Focused on
Service & Growth



For Profit Model

Focused on
Profit & Growth

Example: German Restaurant

Critical Assumptions When Building a Business Plan:

BUSINESS	<ul style="list-style-type: none"> ▪ Open a restaurant serving German Food ▪ Generate Profit at average of 10% p/a ▪ Growth of 5% p/a over a period of 10 years 	
TARGET MARKET	<ul style="list-style-type: none"> ▪ Greater Danbury area ▪ \$30-\$40 per person dinner (drinks not included) ▪ \$10 per person drinks 	
OFFERINGS	<ul style="list-style-type: none"> ▪ Southern German home cooking: pig's knuckles, schnitzel 	
ORGANIZATION	<ul style="list-style-type: none"> ▪ Serving and kitchen staff size ▪ Qualifications for hosts, wait staff, chef 	
COMPETITION	<ul style="list-style-type: none"> ▪ Other restaurants in the area offer the same category of food, similar price range, and level of service 	
FINANCE & ACCOUNTING	<ul style="list-style-type: none"> ▪ Start up capital ▪ Operating expenses ▪ Cost of loans 	<ul style="list-style-type: none"> ▪ Fixed overhead ▪ Gross margin and profit ▪ Monthly revenue and growth
SALES & MARKETING	<ul style="list-style-type: none"> ▪ Adequate parking available ▪ Authentic dining atmosphere 	<ul style="list-style-type: none"> ▪ Promote through local media ▪ Coupons

The Process: Review, Adjust, Repeat

Review Critical Assumptions

- What critical assumptions establish measurements and/or add value to the business?
- Do the critical assumptions conflict or compliment each other? Do they conflict or compliment your profit/growth purpose?

Adjust Critical Assumptions

- Remove any critical assumptions that do not add value to the business or that conflict with the valid critical assumptions
- Add more sub-activities as necessary

Review and Repeat

- Date the initial business plan
- Review and adjust every 6-12 months
- Date each updated version

How A Business Plan Can Help You

You know exactly what your business is about.

You can better understand:

- The infrastructure
- The integration of your functional activities
- The critical assumptions in your business

You have a reliable financial breakdown of:

- Costs
- Revenue
- Profit
- Cash-flow projections

When things go wrong, you can track and identify the root cause of the problem, making it easier to establish rational remedies

Essence of A Useful & Operative Business Plan

- Efficient
 - Low Cost + High Productivity = High Value Added
 - Infrastructure = Sales + Service + Accounting + Management
- Well Defined
 - Direction of the business
 - Measurements of success
 - Integrated functional activities/communications
- Contains Measurements of Performance
 - Profit & growth = F (product, services, cost, cash-flow, revenue)
 - Integration = values are interdependent to each business components
 - Cash Flow = cash available to fund function activities to deliver optima results

Enroll in The Workshop

30
Minutes

Present and refresh “How to Write a Business Plan”

30
Minutes

Each participant should come to the workshop with:

- An idea of the business he/she would like to create and
- Sufficient knowledge to draft simplified business plan assumptions

60
Minutes

Group discussion of 1 or 2 of the participant’s plans for input

Sign up today or contact SCORE to sign up later: www.westernctscore.com

Western Connecticut SCORE offers to small business community:

- Seminars
- Workshops
- One-on-One private business counseling
- Follow-up counseling for continuous improvement

Our new location will be at the

Danbury Innovation Center

From 2nd half 2013

www.westernctscore.com