



July 1, 2010

SCORE column: Business plan is vital

Over the next several weeks, this column is going back to the basics by featuring the topics covered at SCORE seminars. "How do I write a business plan?" is probably the question most asked by SCORE clients.

Mike Hall, certified public accountant, a SCORE volunteer and manager of the Green Bay office of QuickStart Inc., a company that helps people develop business plans and obtain financing, considers business plans to be vital.

"Basically, a business plan forces you to think about every aspect of the business you're considering," Hall said. "As you map out your plan, you will discover areas you may initially have missed, and paying attention to detail increases your chances of success."

Most business plans include an executive summary, description of the business, management plan, marketing plan, competition analysis, description of the products/services, operational plan, financial projections and assumptions and supporting attachments.

Hall considers all necessary and important. However, that doesn't mean that the plan has to be extremely long and detailed. A potential lender or investor will be looking for concise information.

"For each written section, I recommend a page to a page and a half," Hall advised. "You don't need a storybook with a lot of statistical information. The bank already has that. They want to know how YOUR business is going to be run and what you bring to the table that will make it successful."

Obtaining the detail requires time and effort. The process involves gathering information, contacting professionals, talking to competitors, and being able to summarize your mission, goals and objectives. Hall says that, if your business is common, you need to find something that will make you unique.

"What will you do that is different from everyone else to attract and retain customers?" he asked.

This difference should be stated in the plan. It should be part of marketing, an area that is often confused with advertising. Hall considers advertising as one part of an overall marketing strategy. Marketing is broader and includes everything and anything that says something about the business. Advertising is typically something you pay for.

Estimating startup costs, revenue, expenses and cash flow is probably the most difficult part of the business plan. If the entrepreneur has relevant experience in the industry, he or she may be able to prepare projections. Without experience, it can be quite difficult and estimates may be based on economic data and industry averages that may or may not be relevant. The numbers need to be realistic to gain credibility with potential lenders/investors. That is where professional expertise can help.

If financing is obtained, Hall considers initial preparation as just the beginning of the plan's use.

Next week, the column will look at financing options.