

What is a Business Plan?

1. A Business Plan is a document in which a business opportunity, or a business already under way, is identified, described and analyzed, examining its technical, economic and financial feasibility. The Plan develops all of the procedures and strategies necessary in order to convert the business opportunity into an actual business project.
2. It is an indispensable tool in order to start up a business project, independently of the size of the project and/or of the amount of business experience of the entrepreneur.
3. It provides an answer to simple questions about a new business or a business already under way:

What is the purpose

The purpose of a Business Plan is to identify, describe and analyze a business opportunity and/or a business already under way, examining its technical, economic and financial feasibility.

Moreover, it should serve as a business card for introducing the business to others: banks, investors, institutions, public bodies or any other agent involved, when it comes time to seek cooperation or financial support of any kind.

A Business Plan has a dual function:

1. Management Tool.
2. Planning Tool.

Management Tool:

1. Provides economic/financial projections.
2. Enhances the monitoring and control of the business by following up the results obtained and analyzing management indicators.
3. Introduces an analysis of the supply and demand.
4. Reflects the commercial strategy and the marketing policy.
5. Identifies the guidelines for the management of human resources.
6. Analyzes the key factors of success and the risks of a business.

Planning Tool:

The company assumes and takes responsibility for the definition of its objectives:

1. With results-oriented actions.
2. Strict fulfillment of its economic commitments.

3. Orients decision-making processes:
4. Provides qualitative and quantitative information.
5. Planning conforms to a homogeneous pattern.

Why prepare a Business Plan

1. It provides a global analysis of the business
2. Because it forces us to analyze whether the business project is feasible or not
3. Because it forces us to make a strategic reflection on the business
4. Because it will help to manage the business
5. Because it serves as a business card introducing the company

Analysis of the Present Situation

What is the present situation of the sector and the future outlook?

1. Who are the competition in the sector in which the company participates and what is the degree of rivalry among competitors? Who are the potential competitors?
2. What are the main factors that determine the success or failure of a competitor in the sector?
3. In what way is our business different from the business of our competition?
4. Identify weaknesses, threats, strengths and opportunities of the business.
5. Is there a target market for this business?

Business Plan Objectives

1. What are the reasons for investing in this business?
2. What does my business consist of? What are the goods or services that I am going to offer?
3. What strategy am I going to follow in order to maintain a competitive advantage over time; specialization, differentiation or competition in costs?
4. What areas or processes are critical for the development of the business? What areas are supports for the critical processes of the business?
5. What are my perspectives on the evolution of the business?

Strategic Plan

1. What is the mission of my company?
2. How are the strategic lines of my project going to unfold as long-term objectives?
3. Have specific action plans been defined for achieving the long-term objectives? Have resources been allocated to such plans?
4. How is my marketing policy structured? Have I considered the price, location, product, promotional aspects?
5. How many employees comprise my staff? And what are my personnel management policies?
6. Have I planned for the financial needs that could arise in the long term?

Financial Plan

1. The purpose is to analyze the profitability and economic feasibility of the business project.
2. This analysis is the quantification of the strategy defined by the entrepreneur and will enable him or her to analyze the economic impact of the decision making.
3. A full analysis includes a projection for the time horizon considered in the Business Plan.
 - a) Income and Expenditure Projections
 - b) Investment Budget and Depreciation Schedule
 - c) Profit and Loss Account
 - d) Borrowing Requirements
 - e) Balance Sheet
 - f) Cash Flow
 - g) Net Present Value

What is a Business Plan?

1. A business plan can be defined as a written document that describes the marketing strategy, nature and the financial background of the business. It consists of full details regarding the projected profit and loss statement. In simple words, we can define a business plan as a fundamental tool for any business required in place before the start of the main operations.
2. Some businesses define a roadmap that offers directions for planning their future and helping it to avoid any problems on the road. The owners of the businesses write a business plan for clarifying all the characteristics of their business.
3. The business plan is a written document prepared by the entrepreneur that describes all the relevant external and internal elements involved in starting a new venture. It is often an integration of functional plans such as marketing, finance, manufacturing, and human resources.

Benefits of creating a business plan

There are endless benefits of making a business plan. However, we have stated the main ones below:

1. A business plan allowed the owners to plan the growth of their company and all its related capital needs.
2. It guarantees that all the characteristics of the plan are integrated and clear.
3. The business owners can think objectively, realistically and unemotionally about their business.
4. A business plan makes it easy to communicate regarding the objectives and strategies of the planning.

5. Who should write the Business Plan?

The business plan should be prepared by the entrepreneur; however, he or she may consult with many other sources in its preparation. Lawyers, accountants, marketing consultants, and engineers are useful in the preparation of the plan.

6. Scope and Value of the Business Plan-Who reads the Plan?

The business plan may be read by employees, investors, bankers, venture capitalists, suppliers, customers, advisors, and consultants. Who is expected to read the plan can affect its actual content and focus.

7. Three perspectives that should be considered in preparing a business plan:

- a. Perspective of an Entrepreneur
- b. Marketing perspective
- c. Perspective of an Investor

8. Writing the Business Plan It should be comprehensive enough to give any potential investor a complete picture and understanding of the new venture, and it should help the entrepreneur clarify his or her thinking about the business.