



U.S. Small Business Administration

Boots to Business Module 7

Introduction to Business Planning

Version 4.0



The Boots to Business entrepreneurship training program is provided through the coordinated efforts of the SBA and its valued partner network. All SBA services are extended to the public on a nondiscriminatory basis. Reasonable arrangements for persons with disabilities will be made if requested at least two weeks in advance.

Objectives

- Understand the concepts and value of business planning
- Utilize SBA Resource Partners and tools to develop a viable business plan

Additionally:

- Identify the essential elements of a business plan and focus them based on your audience

Agenda

- Approach to Business Planning
 - Why?
 - When?
- Contents & Tools
- Pitfalls to Avoid

A Few Thoughts...

“If you fail to plan, you plan to fail.”

- *Benjamin Franklin*

“In preparing for battle, I have always found that plans are useless, but planning is indispensable.”

- *Dwight Eisenhower*

Business Planning: Why It's Important

Your Business Plan is Your Guide to Action

How and when to do things, and with what resources

Analysis

- Identifying critical areas before investing your time, cash, resources

Decision Making

- As an evaluation tool for making strategic choices

Communication

- Necessary to get loans or investment

When To Do It?

Before you start spending money!

- Remember, it is an on-going process, not a one-time event.

CAVEAT: All depends on what you are doing, your goals, and what your needs are.

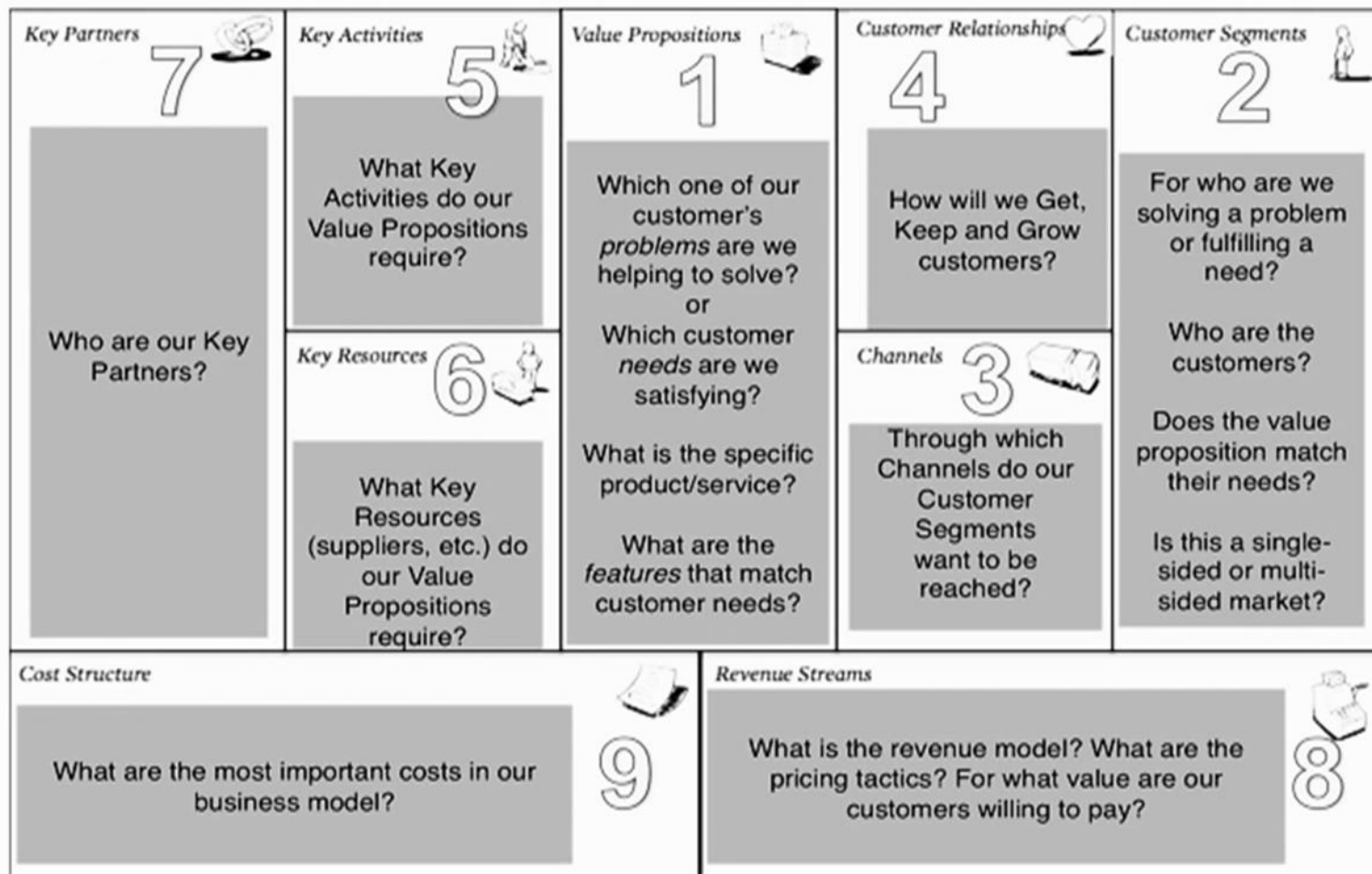
At a minimum, you need a “road map”.

Begin With The Business Model Canvas

How can you
describe your
Business Model?

Business Model Canvas

<https://canvanizer.com/choose-canvas>



Business Planning Priorities

1. Your Concept
2. Your Customers
3. Your Business and Economic Models
4. The Identification & Mitigation of Risks

#1 Your Concept

Explain your concept in terms of its “Value Proposition”

= a concise statement that summarizes how your product or service will be of value to a customer or better solve their problem than other similar offerings.



U B E R

What is Uber's Value Proposition?

#2 Your Customers

FROM YOUR MARKET RESEARCH:



- **IDENTIFY** your target market(s)
- **INCLUDE** what you know about your customers
 - Consumers: demographics, geography, lifestyle, shopping habits
 - Commercial/Wholesale: industry compatibility; government need
- **QUANTIFY:**
 - Current Market: *How many are there?*
 - Future Growth: *How many will there be?*
 - Economic Reliability of Your Markets: *How many have the incentive/ability to give you their money?*
- **VALIDATE** by citing your research

3 Your Business & Economic Models


- Which products and/or services are valuable to your customers and profitable for your business?
- What is your pricing model? What are your customers willing to pay?
- What kinds of resources do you need? Physical assets, materials and/or staff?
- What are your fixed and variable costs?
- How many customers do you need to break even?
- Will this deliver the profit you want?

#4 Risks & Mitigation

Your S.W.O.T Analysis:

Identify and explain how your internal Strengths and external Opportunities offset internal Weaknesses and external Threats

- Include the general economic environment, your business-specific factors, and conditions within and outside your control
- How can you maximize your time, money and resources? What activities should you outsource to others?

S STRENGTHS	W WEAKNESSES	O OPPORTUNITIES	T THREATS
<ul style="list-style-type: none"> • Things your company does well • Qualities that separate you from your competitors • Internal resources such as skilled, knowledgeable staff • Tangible assets such as intellectual property, capital, proprietary technologies etc. 	<ul style="list-style-type: none"> • Things your company lacks • Things your competitors do better than you • Resource limitations • Unclear unique selling proposition 	<ul style="list-style-type: none"> • Underserved markets for specific products • Few competitors in your area • Emerging need for your products or services • Press/media coverage of your company 	<ul style="list-style-type: none"> • Emerging competitors • Changing regulatory environment • Negative press/media coverage • Changing customer attitudes toward your company <p></p>

Use this as an opportunity to demonstrate your knowledge, research and your plans for resiliency.

What's In a Formal Business Plan?

1. Your Concept
2. Industry Description
3. Market Analysis
4. Marketing Strategy
5. Economics of the Business
6. Operations
7. Management Team
8. Risks & Assumptions
9. Timeline
10. Financial Projections
11. Offering/Use of Funds
12. Executive Summary
*(the first page of a Business Plan
but the last part you write)*

Different People Focus on Different Things in a Business Plan

Friends and Family

- Support of the project
- Potential participation and/or funding

Lenders

- Debt = Your ability to re-pay the loan on time with interest
- Reducing their risk = how much money, how will you use it, how long will you need money, plus your collateral, credit rating, and your projected or current cash flow

Private Investors

- Innovation – first to market with new ideas, technology, intellectual property
- Growth Potential - market size, competitors, lead time, return on investment
- Team experience/expertise
- Exit strategy

Pitfalls & Fixes

PITFALLS	FIXES
<p>Lack of Clarity</p> <ul style="list-style-type: none"> • Big idea vs. details • Writing style & jargon 	<ul style="list-style-type: none"> • Provide scenarios and data • K.I.S.S: Keep it Simple & Succinct • Avoid acronyms
<p>Lack of Continuity & Consistency</p> <ul style="list-style-type: none"> • Numbers • Verbiage 	<ul style="list-style-type: none"> • Be conservative in estimates • Check your numbers • Proofread for errors, spelling, etc.
<p>Lack of Realism</p> <ul style="list-style-type: none"> • Financials, market size, suppliers, etc. too optimistic 	<ul style="list-style-type: none"> • Be conservative – compare best and worst case scenarios, and choose the middle
<p>Lack of Flexibility</p> <ul style="list-style-type: none"> • Failure to assess internal and external risks 	<ul style="list-style-type: none"> • SWOT analysis to identify risks and ways to mitigate their impact to maximize potential for success • Update as needed

FREE Tools You Can Use

- Lean Business Model Canvas
<http://www.businessmodelgeneration.com/canvas/bmc>
- SBA.gov's business plan development tools:
<https://www.sba.gov/business-guide/plan-your-business/write-your-business-plan>
- WellsFargoWorks.com for business plan development tools:
<https://wellsfargoworks.com/planning/business-plan-center>
- Centro Community Partners.org's business planning app for Apple & Android: <https://bit.ly/3A11Y96>
- SCORE.org for training and financial templates
- Bplans.com for free sample business plans

Free Business Plan Tools & Resources

- [SBA.gov](https://www.sba.gov) business plan development tools
- [SCORE.org](https://www.score.org) business plans & startup assistance resources
- Connect with your local [Veterans Business Outreach Center](#)
- Connect with your local [Women's Business Center](#)
- Connect with your local [Small Business Development Center](#)

Key Takeaways

- Determine what needs to go into your planning process
 - Concept, customers, business and economic models, identification & mitigation of risks
 - What are your expectations?
 - What is your focus? Who is your audience?
 - What is your exit strategy?
- Start thinking about your Teams:
 - Internal management team
 - B.A.I.L Team (Banker- Accountant/Tax Advisor- Insurance Agent- Lawyer)
 - External advisors and mentors
- Seek feedback on your ideas and processes
- Tap into the SBA Resource Partner Network

Questions & Discussion