



Business Planning

Presented by
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Entrepreneurship:

Two Main Jobs

- Risk Taker
- Market Finder



Two Basic Ways to Make Money in Business

- Increase Revenue
- or
- Reduce Expenses

Planning Fundamentals

Planning answers three basic questions

- Where are we at?
- Where do we want to go?
- How do we get there?

Goals are like a compass, which guides an ocean-going ship. The ship may have to veer off course to avoid storms, icebergs, or other ships, but the compass always points in the same direction so the ship can get back on course and to its destination. Written goals and business plan in the same way help a business get back on course to reach the goal that it sets for itself...even when it has to make detours.





Business Planning Format

- Executive Summary
- Company Description
 - Product or Service Description
- Market Analysis and Strategy
- Organization and Management
 - Operations Plan
- Financial Statements and Projections
 - Funding
- Implementation Schedule



Executive Summary

- Should be a **concise** summary of the plan.
- Although the Executive Summary is at the front of a Business Plan, it is often the **last part** that is written.
- The Executive Summary **can include** a mission statement, a description of the business organization, a description about the type of business, qualifications & experiences of the principals, and any unique aspects of the proposal.



Company Description

- Describe the nature of your business and list the marketplace needs that you are trying to satisfy.
- Explain how your products and services meet these needs.
- List the specific consumers, organizations or businesses that your company serves or will serve.
- Explain the competitive advantages that you believe will make your business a success such as your location, expert personnel, efficient operations, or ability to bring value to your customers.



Market Analysis and Strategy

- Industry Description and Outlook
- Information About Your Target Market
 - Distinguishing characteristics
 - Size of the primary target market
- How much market share can you gain?
- Pricing and gross margin targets
- Regulatory Restrictions



Organization and Management

- General Types of Business
 - Service
 - Merchandising
 - Manufacturing
- General Business Organizations
 - Sole Proprietorship
 - Partnership
 - Corporation
 - Limited Liability Company



Financial Statements and Projections

(Tools of Business Planning)

- Balance Sheet
- Income Statement or Pro Forma
Income Statement
- Break-Even Analysis
- Cash Flow Statements
- Ratio Analysis
- Pricing Formulas and Policies



Common Business Sense

- First Things to do when starting a business:
 - Determine the Cost
 - Estimate the number of customers
 - See if the projected revenues are more than the cost.
- The price is always between the least you will take and the most the customer will pay.
- Location is not important...locating customer is.
- Customer Service is an attitude not an activity.
- Find a Need and Fill It.
- Advice is always free...choosing good advice is valuable.
- Prepare for the worst case scenario...if you can survive the worst you can thrive with the best.

Dynamic of Planning

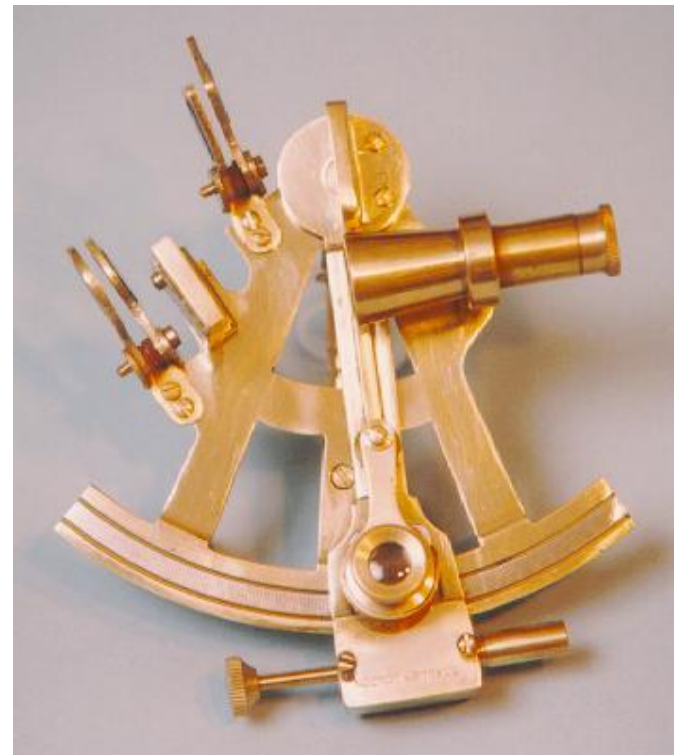


1. Where are we now?
2. Where do we want to be?
3. How do we get there?

Situational Analysis

Objectively look at:

- **The Past**
- **Strengths**
- **Weaknesses**
- **Resources**
- **Attitude**
- **Intelligence**
- **Reputation**



Where are we now?

Goals are like a compass which guides a ship.

Goal Setting

Goals should be:

- **S**pecific
- **M**easurable
- **A**ttainable
- **R**elevant
- **T**imed



Strategies and Tactics

The most important part of planning is HOW



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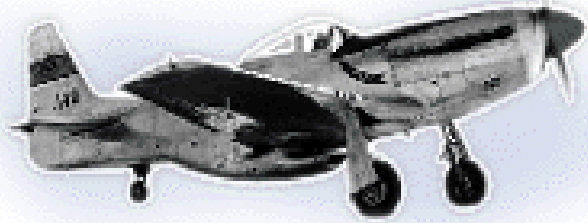
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Strategies



- Long term use of resources
- Factors influencing success/failure
- Use strengths
- Improve weaknesses
- Commitment to the long-term goal



Tactics

- Daily actions that support strategies
- Demonstrations of what's important
- Do the little things (Tactics) to accomplish the big things (Goals)
- Decide what you want to do (Goals), then decide what needs to be done (Tactics)



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Tools of Business Planning

- Financial Statements
- Pro Forma Income Statements
- Break-even Analysis
- Cash Flow Statements
- Ratio Analysis
- Pricing Formulas and Policies
- Operating Policies
- Job Descriptions