

B E T T E R

BUSINESS PLANNING



THE SECRETS BEHIND DEVELOPING
A SUCCESSFUL BUSINESS PLAN

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Table Of Contents

Foreword

Chapter 1:

Business Planning Basics

Chapter 2:

Market Evaluation

Chapter 3:

Analyze Competition

Chapter 4:

Determine A Marketing Strategy

Chapter 5:

Decide What Extras You May Need Like Staff etc.

Chapter 6:

The Dangers In Not making A Business Plan

Wrapping Up

Foreword

A business plan is an essential document for anyone commencing a new business, already in business and critical for anyone seeking funding from a venture capitalist. The business plan needs to be comprehensive, well thought and should contain sound business reasons. You can get all the info you need here.

Better Business Planning

The Secrets Behind Developing A Successful Business Plan

Chapter 1:

Business Planning Basics

Synopsis

The business plan should prove that the business will generate enough revenue to cover expenses and make satisfactory return for bankers or investors. There are a number of ways of formulating a business plan but there are certain essential sections that they should all contain.

The Basics

There should be an executive summary of less than two pages at the start of the business plan which sells the plan and highlights its features.

A company summary should be included containing a factual description of the company, its owners and history. There needs to be a section referring to products and or services and their points of difference in the market.

It is essential to include a market analysis providing a summary of typical customers, listing competitors, referring to the market size and the expected growth.

It is important to have a section for strategies and implementation describing how the product will be sold and how the plan will be sold and how the plan will be put into action together with its milestones.

There needs to be a financial plan indicating sales, cash flow and profits. The background of the management team together with their experience and key accomplishments should be contained in a management summary.

Individuals could choose to hire a professional to write a business plan for them or they could attempt to write their own making use of the excellent business planning software or books that are available.

Once funding has been raised and a business is operating the business plan serves as a road map for the business. It is not a static document. It needs to be referred to in order to ensure that the business remains focused, on track and is meeting milestones.

Chapter 2:

Market Evaluation

Synopsis

A market evaluation is a useful analysis of a company's success. It is a big undertaking but is invaluable. To conduct the analysis consideration needs to be given to a range of areas including sales figures, marketing goals, advertising content and the media mix being utilized.

Evaluate It

All sales figures need to be compared and analyzed referring to a specific time frame or before and after an event. The figures have to be analyzed and it needs to be determined whether the failed, met or exceeded expectations.

Any increase in sales should be analyzed to ascertain if they are from old or new customers or a combination of both. Consideration needs to be given to the reasons for increased revenue not associated with any advertising such as a strong economy.

An evaluation needs to be done of the marketing goals. Firstly the original marketing goals need to be examined and it has to be ascertained whether the business is taking that market.

Thought has to be given to decide if that is the most profitable market for the company. An analysis has to be made to show an increase or otherwise in the market share and by how much.

A check of advertising should be undertaken to work out what the advertising was communicating to the public and to ensure that the advertisements fulfilled their purpose.

It is necessary to find out if the target market understood and responded to the message of the advertisements. By evaluating the media mix used and its efficiency and checking on the creation process it can be ascertained how cost effective such a program was and which sections of media proved the most effective in attracting more market share.

Following the market evaluation it would be necessary for a section to be added to include ideas for future improvement.

Chapter 3:

Analyze Competition

Synopsis

An analysis of the competition can be the most difficult section to work on when undertaking the writing of a business plan. Before analyzing the competition they have to be investigated and before that can be done they have to be found.

Figure It Out

The first step of the competitive analysis is to determine who the local competition is. This can be done quite simply by driving around and observing and by searching through a telephone directory.

The main question will be one of range and determining just how far customers are prepared to travel to obtain your competitors goods and services. As well as local competitors some businesses also have non-local competitors such as in the form of mail order companies for example.

To analyze the competition it is necessary to determine what market or market segments they serve and what benefits they offer. It is necessary to determine why customers buy from them and also to gather information about their products and or services, their pricing and promotion.

Gathering information could be done by physically visiting a business or checking their website. Several physical visits to a business will enable a person to determine information about their product and the company's treatment of customers.

Good sources of information about a company come from the company's vendors, suppliers and employees. Attending a trade fair where the competitors are exhibiting is another excellent way of gathering information.

Once the information has been gathered it needs to be analyzed. By analyzing what a competitor does offer it is then possible to determine a niche market that can be targeted by offering something that the competitor does not.

The goal of the analysis is to identify and expand your competitive advantage by focusing on the benefits your business can offer that the competitor can't or won't offer.

Chapter 4:

Determine A Marketing Strategy

Synopsis

Marketing strategy is a process that can allow an organization to concentrate its resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage.

Look Closely

Marketing strategies are the vital basis of marketing plans designed to fill market needs and reach market objectives. Plans and objectives are tested for measurable results.

Usually Marketing strategies are developed as multiyear plans with a tactical plan detailing specific actions to be accomplished in the current year. Time frames vary from organization to organization but increasingly they are becoming shorter as the speed of change in the market place increases. Market strategies are dynamic and interactive.

Marketing strategy involves carefully checking on internal and external factors. Internal factors include the marketing mix and the performance analysis. External factors include customer analysis, target market analysis and keeping abreast of any changes in the economy, politics and technology. One of the key factors of marketing strategy is to keep marketing in line with the mission statement. Once these scans have been completed a strategy plan can be constructed to determine goals and the marketing mix to achieve this.

Vital things to consider when formatting the market strategy are listing overall goals and objectives. When they are listed they need to be accompanied by a time frame with specific quantities and percentages of what is to be achieved.

The primary target markets have to be determined as specifically as possible. Current resources that are available to the company should be noted. Current resources are contacts already utilized and known to the company such as organizations and committees. The methods to be used to break into

each target market have to be considered and may range from fliers, emails and press releases to name but a few.

Once all the ground work has been done the marketing can commence and the results of the sales analyzed to determine the success of the strategy to note whether or not the strategy is to be altered in any way.

Chapter 5:

Decide What Extras You May Need Like Staff etc.

Synopsis

Once a marketing strategy has been formatted it needs to be analyzed carefully to see what additional resources and or personnel need to be secured to ensure that the marketing can commence successfully.

What Is Needed

The services of advertising agency personnel and web designers may well be needed initially to design the promotional package. If the campaign is sizeable it may be necessary for sales representatives and promoters to be employed as it is may well be necessary for selling in to be done to consumers.

The employment of these additional staff may require additional transport and office space. The extra staff may need the support of additional administrative staff.

Certain marketing strategies may need the temporary use of additional selling space such as an outpost within a mall or the else the setting up of promotional merchandising display stands within shops or at trade fares.

The additional space will need to be sourced and rented, set up and manned. It may be necessary to have to employ short term contract sales staff to man such establishments.

With the addition of extra sales floor area it may mean that it is necessary to have additional banking facilities such as eftpos terminals along with additional tills. Such things will need to be purchased or hired.

A marketing strategy that brings about increased sales will require extra merchandise to service the campaign and the storage of such needs to be considered.

Additional warehousing may have to be sourced, purchased or rented in order to store the product. With increased stock volumes come the issue of logistics and more distributors may be necessary, if so additional vehicles and transportation could also become a necessary consideration and expenditure.

Careful planning and forethought given to all these hidden extras will ensure the success of the strategic marketing.

Chapter 6:

The Dangers In Not Making A Business Plan

Synopsis

Failure of an operator to put the time, research, thought and energy into formatting a business plan is almost guaranteeing that the operator's business will fail.

The Perils

A business plan is crucial to operating successfully. Without a business plan any operation is akin to a ship in the ocean without a rudder. Business must have a business plan which plans for success.

This planning needs to include market research and the identity of the primary consumer. Businesses must develop a five or ten year plan that includes cash flow, finances and expansion.

Statistics are stacked against new businesses succeeding. Research indicates that in the United States businesses with fewer than twenty employees have only a 37% chance of surviving four years and only a 9% chance of surviving ten.

Restaurants fare even more badly and have only a 20% chance of surviving two years. Of these failed businesses only ten percent closed involuntary due to bankruptcy and the remaining 90% closed because the business was not successful, did not provide the level of income desired or was too much work their efforts.

The old adage “People don’t plan to fail they fail to Plan” cannot be more true when it comes to business. All businesses should have a clear plan for success which involves actions if things should go wrong. Whilst it is understood that no magic solutions guarantee a business will succeed there are three factors which are linked with success. A business plan has to be formatted. Financial information needs to be known about the business and there must be an accurate profile of the target market of the business.

Wrapping Up

With the astronomically high failure rates for new business it is obvious that to succeed then new businesses need all the help they can get. Proper planning is vital. Once formulated the plan should be taken to independent accountants for them to assess.

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