

Business Plan Checklist

By going through the business planning process you'll ensure you understand yourself, your competitors and your customers' needs better. This will enable you to put the right strategies in place to maximise your financial results. In essence, there are four main reasons for business plans:

1. Explain your plans to yourself and others
2. Persuade a third party to provide resources or assistance
3. Guide your strategic thinking so that you know what you are trying to achieve and how you are going to achieve it
4. Set financial targets to help you forecast sales & control costs

What to keep in mind?

- A business plan must be thorough but concise. About 20 pages should be plenty in most cases to outline your aims and financial projections
- The plan must show how it will work in real life and not how it could work in an ideal world. People reading your plan must see that you have done your research and analysis and you understand your market.
- A business plan, by definition, is a plan for making profit. Show the path to profitability clearly and demonstrate you are able to manage potential risks.

- It is the people in your team who are going to make a success of your company. Gather a strong team, make the most of their skills and explain their past and future contributions well.

What should your business plan include?

1. Executive summary that is less than 2 pages and explains all the key points about the business
2. A clear and logical structure; going from general to specific, present to future, etc.
3. All key points explained clearly; try to envisage what questions and where your reader may have when reading the plan and try to address them in the right places
4. Concise language, eliminating any extraneous material, hype, or repetitive statements
5. Substantiated current and accurate data and verifiable claims
6. A clearly defined target market and realistic goals to reach this audience
7. A clear competitive analysis presented in a manner to show how you will gain a competitive edge
8. Financial projections that are in a time frame suitable for launching the business; be conservative with your estimates
9. Visible contact information
10. Content that has been thoroughly proofread and checked carefully for spelling and grammar

What questions should the plan answer?

1. **Are your goals tied to your mission?** Your goals have to be consistent with one another so that you're not running in different directions at the same time. In

addition, you have to tie your goals to your company's mission so that you're heading in the direction in which you really want to go.

2. **Have you prepared for threats?** It's easy to paint a rosy picture of what the future holds for your company, but having a rosy picture doesn't necessarily mean that it's going to come true. Your business plan should point out the biggest and the most likely threats that loom on the horizon (a market slowdown, new regulations or increasing competition, for example) and offer ways to prepare for them. If you recognize threats before anybody else does, you can often turn a threat into a real business opportunity.
3. **Who exactly are going to buy your products?** The more you know about your customers the more you know about your company. Entrepreneurs with little business experience may find it difficult to narrow down their targeted customer groups at first, but it is imperative that you identify the right customers for your products (or services) and make your products be the best for these very customers. By trying to sell to as many customer groups as possible, you only dilute the value of your products and waste your efforts on trying to please everyone.
4. **Why will customers buy your product and not someone else's?** Your customers are the most important to your company and you need to understand them clearly. Your plan should show what the real, existing demand is for your products and services. Most of us have many dreams and wishes that we don't want to or cannot afford to spend money on. It is important that your products target demands that people will spend money on satisfying. The plan should also explain how your company intends to serve those demands better than anyone else out there.
5. **What products or services do you offer?** What do your products like? Are they high quality? Are they the right quality for your customers? Will people reorder the products?
6. **Are the products or services affordable?** The more expensive the product or service, the harder it will be to sell them in large quantities because fewer people will be able to afford it. It may also be more expensive to market and sell the expensive products or services; for example, if you are selling up-market clothes, you may need to advertise in up-market magazines and have your premises in an affluent shopping area where the rent can be very high.

7. How will you reach your customers and promote your products (services)?

The more options you have for selling your products and or promoting your opportunity the easier it will be and the more money you will make. But marketing is expensive and you can waste a lot of money on it without result, if you have not done your research into understanding which marketing channels work best for your targeted customer groups. In some cases, it is also important to know what you can and cannot do in marketing. For example, if you sell medicinal products you need to have scientific proof for their effectiveness to enable you to make claims about its medical effects (for further information contact the Advertising Standards Agency (www.asa.org.uk)).

8. Can you stand behind the numbers? Think about all your financial statements as your company's report card that tells everybody how well you're doing and what you expect to happen in the future. The forecast should paint a realistic financial portrait, based on assumptions that you believe in and can justify to the readers. The income statement presents the bottom line that you will make, the balance sheet shows what your company will be worth and the cash-flow statement how you will keep track of the money.

9. Are your startup costs realistic? This is especially important if you are low on funds? A business can often cost more to start up than it may appear in the beginning. It is also important to realize that you have to spend money to make money.

10. What is your realistic income potential? Some businesses have considerably more income potential than others and you should understand how much you could realistically expect to make. It's also important to understand what your breakeven point is and how long it may take for you to actually reach it.

11. Are there quotas or minimum inventory requirements? If you need to buy large quantity of supplies or products on a regular basis then it can be difficult and financially stressful to maintain the business. The last thing you want is a basement full of unused products.

12. Who are you competing with? You must have a good understanding of what you are getting yourself into by entering a market. Is there a fierce competition out there between many competitors or is it a market that has been dominated for years by

one or a few large companies. You should also know what are the prices being charged today and what are you going to charge.

- 13. Can you afford to start this business?** When you go into business, you'll potentially be exposing yourself, your home and your family to a variety of risks. You need to know how you will pay your bills until the money starts coming in from your business? If you need to ear income while your business becomes self-supportive, will you have enough time and energy to make this business happen. Will you have your family's support? Don't let your business damage your family relationships?
- 14. Will you be able to recognise and react to change?** Although your business plan paints an honest picture you should also acknowledge the fact that you don't have a crystal ball to see the future. So present some options, include one or two alternative business scenarios, asking -- and answering -- the question "What if . . .?"
- 15. Are you really ready for change?** If one thing remains constant in the business world, it's change. Although some industries change faster than others, everything around you - from technology to competition to your market - is going to be a little different tomorrow than it is today, no matter what business you're in. If you want to keep up, you have to think two or three steps ahead. You must look carefully and continually at what may happen in the world and how it may affect your company.

Finally, remember that a business is there to serve and please people. Ask as many people as you can that what they think of your products and services. Ask others who you feel can provide sound advice to comment and critique your document to help you shape the business plan.
