

# NOTE ON BUSINESS PLAN

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## **Definition**

«A business plan is a written document that carefully explains every aspect of a new business venture.» (Barringer, 2009, p.1) A business plan illustrate the previous accomplishments, current state and needs, future direction and the actions to be taken to reach its goals by articulating clearly the story of a business to stakeholders.

Synonyms: venture plan, loan proposal, investment prospectus

## **Types of plans**

The reasons to prepare a business plan could be to help outsiders, like introducing the project to a potential investor, or to help insiders, as a blueprint or a roadmap to develop the project.

Zacharakis (2010) propose three types of business plan for different purposes:

- dehydrated plan or expanded executive summary (10p.)  
Introducing a concept to a potential investor
- investor plan (25-40p.)  
Raising capital from investors
- operational plan (80p.)  
Guiding the development, launch and initial growth

## **Benefits**

Kurutko (2005) propose some benefits of preparing a business plan:

- help the financing
- increased the knowledge
- preventing poor investment
- help the planning process

## Content and components

A business plan should (Kurutko, 2005, p.24):

- «describe every aspect of a particular business;
- include a marketing plan;
- clarify and outline financial needs;
- identify potential obstacles and alternative solutions;
- serve as a communication tool for all financial and professional sources»

(see Appendix A for a suggestion of content)

Note that many different structures could be relevant.

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**APPENDIX A**  
**Content of a Business Plan**

Title Page	business information (name, address, phone, fax, email, website); logo; tagline; information of contact person; date; disclaimer
Table of Contents	structure of the business plan
Executive Summary	short overview (1-2 pages) of the main sections of the business projects and financial needs
Organization Description	history; mission, vision; goals; organization structure and legal form
Management Team	presentation of management team (experience, expertise, responsibilities, levels of ownership); compensation; board of directors; advisors (CA, lawyers, bankers, consultants); organizational chart
Products and Services	description of products and services; opportunity; unique qualities; experience and value to customers
Industry and Market Analysis	industry analysis (size, structure, key success factors, competitors strengths and weaknesses, trends); market analysis (market segmentation, market selection, trends, market share, target market); competitive advantage
Marketing Plan	marketing strategy and processes; product (branding, packaging); promotion (advertising, communication; sales); price; place (distribution); strategic alliance
Human Resources	employees; compensation; human resources needs; description of human resources management practices
Operations Plan	operations strategy and practices; business model; timeline and milestones; capital assets requirements (facilities, equipment); location; supply chain; proximity to suppliers and transportation system; risks; insurance
Development Plans	design challenges; growth plan; research and development; intellectual property issues; green plan
Financial Information	financial statements and proforma financial projections (income statement, balance sheet, cash flows); assumptions; budget; ratio analysis; break-even analysis; cost controls
Financing	funding sources; financial needs; guarantees; schedule of reimbursement
Harvest Strategy	transition; initial public offering (IPO)
Milestone Schedule	timeline and milestones; timing and objectives; deadlines; relationship of events
Conclusion	request of funding and justification
Appendices	resume of management team; documentation on products and services; drawings; personal balance sheet of owners; main contracts and agreements; references and sources of information

Note that many different structures could be relevant.