

Sustainable Business Planning

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THREE Questions

- What are the key issues are motivating you to plan?
- Who will be involved in your planning process?
- How will you use your business plan?
 - Will it serve as an internal organizing tool , be use to communicate outside your business or both



Plan to Get What You Want Most

- Strategic planning --
“Doing the right thing”
- Tactical planning --
“Doing things right”



What Do Lenders Look For

- What is your credit history
- What collateral do you have
- Can you meet the lender's goals
- Is there a demand for your product
- Are your projections realistic
- Do you have a strong marketing plan



Develop an Exit Strategy

Decision based on your exit strategy

Select the source, type, and amount of capital you will need for your business

Current form of organization or legal structure

Consider tax issues that will impact your business




Develop an Exit Strategy

Forms of Exits?

- Sell all or part of business
- Pass on to family member
- Sell to an Employee Stock Ownership Plan
- Liquidation

Legal and Tax issues

- Liability of owners
- Ease and cost of transfer
- Buy-sell agreements



Start the race
with the finish
line in mind



A Business Plan

- ↪ Executive Summary
- ↪ Business Description
- ↪ Plan of Operations
- ↪ Management Team
- ↪ Industry Analysis
- ↪ Competitor Analysis
- ↪ Marketing Plan
- ↪ Financial Plan
- ↪ Conclusion
- ↪ Appendix



Executive Summary

- ↪ Short: 1-2 pages
- ↪ Covers highlights of all the previously listed parts
- ↪ Answers immediate questions of interest



Business Description

- ⇒ Mission Statement: Answers why the business exists
- ⇒ Goals and objectives: Set direction of business
- ⇒ Vision Statement: Where does the business want to go



Business Description

- ↪ Discusses the business
 - ↪ Age of business
 - ↪ Current position/stage of development
 - ↪ Who you are
 - ↪ What you do
 - ↪ Legal Structure of business
 - ↪ Ownership



Plan of Operations

- ↪ What are you going to grow
- ↪ Where will you market
- ↪ Number of employees
- ↪ Asset base
 - ↪ Land
 - ↪ Equipment
 - ↪ Special knowledge



Management Team

- Brief discussion of each member of the management team
 - Area of responsibility
 - Experience
 - Achievements
 - Outside board of advisors?
 - Lender, Insurance, Co. Extension Agent, Other Business persons



Industry Analysis

- ↪ Discusses Local, Regional and National topics relative to your business
- ↪ Historical trends
- ↪ Any regulations impacting business
 - ↪ Federal, State
- ↪ Government programs
 - ↪ Federal, State



Competitor Analysis

- ↪ Lists and describes your competitors
 - ↪ Direct and Indirect
- ↪ How is your products or business different from Others?



Marketing Plan

↪ The Four MAIN Parts

↪ Market Analysis (where are you?)

↪ 50% of time spend answering this ?

↪ Business Proposition (final destination)

↪ Where you want to go

↪ Action Plan

↪ You going to get there?

↪ Evaluation

↪ How do you know when you arrived?



Marketing Plan

↪ The four “Ps”

↪ Product

↪ What? Packaging? How much?

↪ Price

↪ High?, Medium? Or Low?

↪ Promotion

↪ Goals? Media used?

↪ Place

↪ Where will product be purchased?



Financial Plan

- ↪ Start up cost
- ↪ Balance Sheets
- ↪ Income Statements
- ↪ Cash flow Statements



Financial Plan

- ⇒ Start Up Costs
- ⇒ Financial Assumptions
- ⇒ Break even Analysis
- ⇒ Sources and Uses of Funds
- ⇒ Sensitivity Analysis (variety of P & Q)
- ⇒ Exit Strategy



Financial Plan

✧ Accurate price and quantity info often unknown but gather other basic info:

- who buys from whom;
- what quality attributes are desired by whom
- target market demographics (local & regional)-how do you do this?



Conclusion

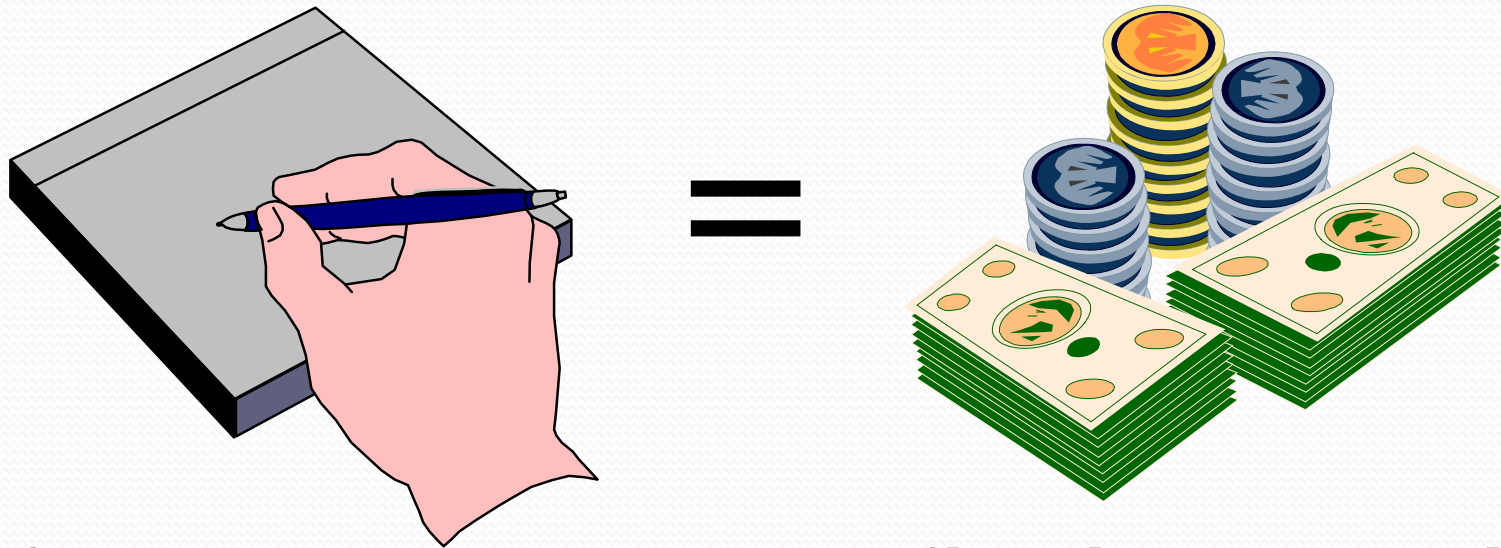
- ↪ Summarizes prior sections and makes final statements about the business and long-run prospects.



Appendix

- ↪ Additional Information or Documents
 - ↪ Resumes
 - ↪ Property layouts
 - ↪ New product ideas
 - ↪ Licenses and Permits
 - ↪ Historical records of note

The Business Plan



**“If you can’t make a profit with a pencil,
you can’t make a profit with a plow”**