

Writing your Business Plan

It's that time again. The end of another fiscal year. Time to assess this year's successes and start planning for next year. What does this mean? It means it's time to write your Business Plan.

Whether you're a one person business or a multi-million dollar enterprise, a business plan is essential. Why? It sets the course for the year. It defines strengths, what worked, and weaknesses, what didn't. It identifies priorities for the coming year and serves as a guide for your business. .

Elements of a Business Plan

What are the elements of a Business Plan? A Plan can be hundreds of pages or just a few. Whatever the volume, it needs to contain at least the following.

- Situation Analysis

A situation analysis defines the current situation. This must be an objective assessment; it's not a marketing pitch for your clients, it's an honest description of where you are today. Look at the past year and at least the two previous years' revenues. In reviewing your annual revenues, how do you match up against your closest competitors?

Take a hard look at your strengths and weaknesses. As you evaluate the opportunities in the marketplace, do a SWOT analysis to see how you measure up internally. Start to look at what is unique about your product or service compared to your major competitors.

Analyze the main environmental factors that affect your business. At a minimum, take a look at the economic climate in the industry where you plan to do business in the coming year. Is it in growth mode? Are there regulatory issues that may adversely affect your ability to grow your business?



- The Market

Do an in-depth assessment of your competition. Who are your toughest competitors? What are they doing to entice customers to buy their products or services?

Think out of the box and look more broadly at your competition. If you provide snack vending machines for local businesses, you know that your competitors are other snack vending machine companies. But, your competitors are also nearby convenience stores, the company cafeteria, a fast food restaurant across the street, a brown bag lunch from home. It's more than what you see on a first pass.

Price – what is the price of your product compared to you competitors? Are you the premium product? Are you the lowest price product? Are your services commensurately priced with others offering similar services? Does price affect how your customers compare you to others offering comparable products or services?

How does your competition promote their products/services? Do they have a website? Do you? If you are a professional services consultancy, are your competitors emailing a monthly newsletter with information about their services? Are you?

- Positioning your Product/Service

What is unique about your product or service? If you can't think what makes your product or service different, take a step back and review why your customers bought from you in the past. Then think why they might buy from you in the future.

Define who is most likely to buy your product/service. If you look at existing customers, it probably tells who will buy from you in the future. Drill down from current customers to determine who your target customers are and who you want for customers in the coming year. Create a scenario that will describe what you can do to get that target customer (the perfect client) to buy from you next year.

- Setting Objectives

All the analysis you have done so far in your Business Plan is lost unless you absorb the data and use it to set objectives for the coming year. Objectives should include projections for monthly revenues, number of clients you will need to reach these monthly revenue goals, etc.

Don't forget that objectives are measurable. When you set an objective, set dates for completion and provide time to monitor your progress.



- Strategy

This may be the most important section of your Plan. Based on the situation analysis, your competitors, your positioning statements and your objectives, it's time to define how you are going to reach your goals. What strategies will you use to meet your financial and product/services goals next year?

Be honest with yourself; set realistic goals that track with your prior year's performance. Target areas where you think you can get business and concentrate on those targets.

Now that you have all the ingredients, it's time to get started. Remember, *it needs to be written*, no skimping on this. A written plan forces you to think it through, follow a set outline, and be specific

Good writing and good luck!