ABCs of Writing a Business Plan

A guide to writing a winning business plan

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Assemble a Good Team
PARTNERS CAN HELP YOU AND THEY CAN HURT YOU

Be very careful about who you go into business with!
Partnerships

- Here’s to ME!
- 50/50 Partnership
- Conflict Resolution
  - Business Prenuptial
  - Third Party Mediation
- Divorce
A business plan is a written document that clearly defines the goals of a startup or existing business and outlines specific methods for achieving these goals.
What’s Included?

- Executive Summary
- Business Description
- Product or Service Description
- Marketing Plan
- Operations and Management Plan
- Financial Plan
Executive Summary

• One or two paragraphs that summarize your unique business.
• It includes your product/service description, target market description, and overall goals and objectives for your business.
Business Description

• Describe the business in detail
• Include business name and location
• Describe the legal structure of business
• Describe what makes your business unique
• Describe why your business will succeed
UNDERSTAND THE FORM OF BUSINESS

See Handout
Form of Business

- Meaning
  - Relationship of the Owners
  - Tax Treatment
  - Complexity

- Choosing
  - Responsibility and Accountability
    - Ownership and Control
  - Liability
    - Obligations
  - Benefits
    - Profits
  - Sale of Business

- Forms
  - Sole Proprietor
  - Partnership
  - Corporations
    - S-Corp
    - C-Corp
  - LLC

- Other Considerations
  - Type of Business
  - Planned Growth
  - Relationship of Owners
Form of Business

- Unlimited Liability
  - Sole Proprietorship (dba)
  - Partnership


- Limited Liability
  - C Corporation
  - S Corporation
  - Limited Liability Company

  http://www.cyberdriveillinois.com/departments/business_services/home.html
Tax Identification Numbers

- Federal Employer Identification Number
  - Form SS-4
  - Tax Returns
  - Bank Account


- Workforce ID Number
- State Tax ID Number
- State Sales and Use tax

http://www.revenue.state.il.us/#t=tab1
UNDERSTAND YOUR BUSINESS
What is the common link?
What is the common link?
Make it Remarkable!

Otto Rohwedder

Steve Jobs
Remarkable Products
Remarkable?

• Wonder Bread
  • In the 1930s, Continental Baking began shipping Wonder Bread in sliced form, one of the first companies to do so and a significant milestone for the industry and for American consumers.

• iPhone
  • The resounding sales of the iPhone have been credited with reshaping the smartphone industry and helping make Apple one of the world's most valuable publicly trading companies in 2011–12.
Product/Service Description

• What is your product/service?
• Summarize the key technology, concept or strategy on which your business is based.
• What features and benefits does your service have?
Product/Service Description

• How does your product/service solve or satisfy your customers’ needs uniquely?
• Describe why would a customer patronize your business.
Marketing
Creating Brand Recognition!
Marketing
Creating Brand Recognition!

What vehicle is this?  Can you identify this one?
Developing a Marketing Plan

• Define in detail your target market.
• Analyze your competition.
  • Include direct competitors
  • Include indirect or alternative competitors
• What is the positioning of your service?
Developing a Marketing Plan

Location, Location, Location
Developing a Marketing Plan

Location, Location, Location
Developing a Marketing Plan

• How will you price your product/service?
• How does your price compare to direct and indirect competitors?
• Can you be profitable at your chosen price?
Developing a Marketing Plan

- How will you promote or advertise your service?
- How will you reach your target audience?
  - Will you use mass or targeted media?
Developing a Marketing Plan

• Answer physical distribution questions in your business plan.
  • Where will your customers expect to find your service?
  • Parking (Street or Lot)?
    - Ease
    - Cost
• Do you know who your suppliers will be?
Resource Requirements

• Technology requirements
• Personnel requirements
• Resource requirements
• External requirements
Resource Requirements

- Cloud Computing
- Microsoft Office
- Grasshopper.com
- Regus Offices
- Smartphones/Tablets
- GoDaddy
- Google
  - Gmail
  - Ad Words
Operations & Management Plan

• Who will be in charge of your business?
• What special qualifications or expertise do you have to run this business?
• When will you need to add employees?
Operations & Management Plan

• What salaries will you pay?
• What training will you or your employees require?
• Will you give drug tests, check backgrounds, or bond employees?
Operations & Management Plan

• Who will manage the business’ daily and long-term finances?
• How will you process and record sales?
• Does your business have special local or federal regulations?
Operations & Management Plan
Start-up Lessons Learned the Hard Way

- Baby Planners
- Get it in Writing
- Fishing Expedition
- Et tu, customer
- Thanks, Mom
- Time for Love
- The Money Pit

Operations & Management Plan

- Who will be in charge of inventory and inventory control measures?
- Are loss prevention policies in place?
Financial Planning

OPTIMIZING CASH FLOW
MAXIMIZING PROFITABILITY

ACCELERATING GROWTH
Financial Planning

• Have you prepared a breakeven analysis?
• Have you estimated your initial year of sales?
• Have you prepared a monthly cash flow?
Financial Planning

• Does your business have special seasonality issues?
• How much will it cost to open or expand your business?
Financial Planning

• What are your personal financial monthly expenses?
• Do you have a nest egg, or a working spouse?
• How much money can you invest?
• Is there financial support from other family members?
Financial Planning

• Do you have collateral for a traditional lending resource?
• Can you get financing terms from your vendors?
• Can you get a co-signer for a loan?
• Do you know your current credit score?
• How will any loan proceeds be applied?
Measurable Goals & Objectives

• Include One-year and Three-year goals
  • State specific measurable objectives
  • State market share objectives
  • State revenue/profitability objectives
Create a Movement

- Challenge the Status Quo
  - Don’t be safe
- Build a Culture
  - Commonality
- Commit to the Cause
  - People are watching you
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