

VISUAL 1

THE BUSINESS PLAN

Business Plan: A description of an enterprise including its name, its goals and objectives, the product(s) sold and distributed, the work skills needed to produce those products, and the marketing strategies used to promote them.

Why create a business plan?

The business plan provides entrepreneurs with a framework for thinking about what they will need to develop and maintain a profitable business. Indeed, the business plan requires entrepreneurs to consider every aspect of their business's vision, management, and financial plan as well as strategies for building their business and timelines for critical decision-making. The effective entrepreneur considers the business plan as a living document that accommodates changes to the business over time and requires ongoing planning, development, implementation, and evaluation.

Who wants to see a business plan?

Lenders—whether traditional lenders, such as banks and credit unions, or non-traditional lenders, such as microfinance programs or angel investors, immediately look to a business plan when considering lending options. These institutions see the business plan as an immediate overview of the company's present health and a predictor of the company's profit potential. Lenders are reluctant to loan to companies that do not have a well developed business plan, as they are unsure that the entrepreneur has spent the time and effort to think deeply about how to make their business financially profitable.

What questions do business plans answer?

Business plans should:

- outline your business idea
- identify short- and long-term goals for your business
- describe why you think your business will succeed in a competitive marketplace and what research you have to back this up
- outline your plans to market your business
- describe how the business will be structured and managed
- include projected income statements and other financial data that demonstrates how the business will be financed and, eventually, profitable

VISUAL 2

ELEVATOR PITCH ESSENTIALS

The Four P's:

Product – What is the product(s) or service being sold?

Price – What is the price of the product(s) or service?

Placement – Where will the business operate? Where will the customers be located?

Promotion – What will be done to attract customers in a highly competitive environment?

Other questions you should consider...

Competitive advantage – Why will you succeed in a competitive business environment?

Market – Who are your customers and where are they located?

Funding requirements – How much (if any) money will you need and where will it come from?

Management – Who are the owners/managers of your company?

