

GOALS

Describe resources available for researching your business plan

Name common mistakes to avoid in business planning

KEY TERMS

Small Business Administration (SBA), p. 51

Small Business Development Centers (SBDC), p. 51

Service Corps of Retired Executives (SCORE), p. 51

trade associations, p. 52

**JUMP START**

As Nora and Samantha continued working on their business plan, they found themselves spending a lot of time at the local library and on the Internet. There was so much that they needed to find out about the childcare business. They were also visiting other day-care centers in the area and interviewing the owners. They wanted to make certain their business plan covered all the important aspects of their business. Because their business plan would be used to get a business loan, Nora and Samantha wanted to avoid making any mistakes. What other resources might be helpful in preparing their business plan? How can they avoid making any mistakes?



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Research the Business Plan

Your business plan needs to convince readers that you have come up with a practical business idea. To do this, you must include information and data from objective sources to show that your idea is founded on solid evidence.

Researching and writing a business plan takes time. Most entrepreneurs spend 50 to 100 hours developing their business plans. The process requires patience, research, thought, and a great deal of writing and editing.

Pulling together the information you will need to write your business plan involves researching all aspects of your business, from leasing space, to what you will charge for your product or service, to dealing with competitors. Researching all the parts of your business will teach you a great deal about

running a business and may provide you with specific ideas for starting a company. There are many sources available to aid in the research process.

Community, Government, and Professional Resources

When writing a business plan, you will likely need to seek out advice from others. People from many organizations can help you with your business plan. Available resources include the SBA, the SBDC, SCORE, your local chamber of commerce, trade associations, and professional business consultants.

The SBA The U.S. **Small Business Administration (SBA)** is an independent agency of the federal government that was created to help Americans start, build, and grow businesses. The SBA also provides aid, counsel, and assistance to protect the interests of small business concerns, to preserve free competitive enterprise, and to maintain and strengthen the overall economy of our nation.

The SBDC The Office of **Small Business Development Centers (SBDC)** provides management assistance to current and prospective small business owners. Counselors from the SBDC provide free one-on-one assistance in developing a business plan. They also provide inexpensive workshops on topics that may help you develop your plan. SBDCs have many resources in one place to assist individuals and small businesses. SBDCs were formed as a cooperative effort of the private sector, the educational community, and federal, state, and local governments. They enhance economic development by providing small businesses with training and technical assistance. Assistance from an SBDC is available to anyone who cannot afford the services of a private consultant and who is interested in beginning a small business for the first time or improving or expanding an existing small business.

SCORE Another source of valuable assistance is SCORE. The **Service Corps of Retired Executives (SCORE)** is made up of more than 10,500 retired executives who volunteer their time to provide entrepreneurs with real-world advice and know-how. They provide free confidential advice that could be helpful to you as you prepare your business plan. You can set up a meeting with a SCORE volunteer, or you can work with a SCORE volunteer over the Internet. SCORE also offers workshops, which are a valuable way to learn more about doing business and to network with other business professionals who can help you succeed. The topics of the workshops focus on important small business issues, ranging from business planning and marketing to web-based retailing. The SCORE counselors represent every business area. Some have worked as executives at Fortune 500 companies while others were small business owners themselves. SCORE can provide assistance for you for just a few sessions or a number of years, based on your needs.

Chamber of Commerce In many communities, the local Chamber of Commerce offers assistance and information to entrepreneurs. It can provide information on local resources, zoning, and licensing as well as trends affecting local businesses.

DID YOU KNOW ?

Since 1964, SCORE has provided online and face-to-face small business consulting to over 6.7 million entrepreneurs.

Trade Associations Organizations made up of professionals in a specific industry are called **trade associations**. They exist to provide information, education, and networking opportunities for individuals in their industry. These associations can be valuable sources of information to entrepreneurs.

Professional Consultants Some entrepreneurs hire experts to help them. Professional business consultants can be found in directories available in your library or on the Internet.

Financial Institutions Many entrepreneurs are not familiar with the financial aspect of starting and running a business. When writing the financial section of your business plan, it may be beneficial to talk with a banker and an accountant. They can help answer your questions about loans and financial statements.

Print Resources

Information for your business plan can come from many print sources. Your public library will have many books on entrepreneurship that may provide you with valuable information on running your own business. In addition, books on marketing, financing, hiring and managing a staff, purchasing a business, and operating a franchise can be helpful. The library will also have books devoted specifically to writing a business plan that include sample business plans.

Magazines may also prove helpful—especially magazines devoted to small business ownership and to the industry in which you will be competing. Ask your librarian to help you find magazines that contain information that may be relevant to your business plan.

Government documents, including publications issued by the Small Business Administration and other federal agencies, may provide you with useful information. The SBA district office nearest you will have many publications that can help you complete your business plan.

Online Resources

Much of the information you can find in print resources is also available on the Internet. The SBA, SBDC, and SCORE websites contain much of the same



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What kind of print resources might be helpful when writing a business plan?

TEAMWORK

In small groups, brainstorm keywords you would use to search for information on the Internet for one of the following new businesses: automobile service station, take-out restaurant, website development.

information that is provided in print. Many magazine articles that deal with entrepreneurial topics can be found online. In addition, there are many sites specifically for entrepreneurs and small businesses that may give you detailed information. Internet search engines can help you locate resources.

Nora and Samantha, who are starting their own day-care business, began research for their business plan by reading books from the library. They also read information on day-care facilities that they received from the Small Business Administration. They found many samples of business plans on the Internet that they were able to adapt to meet their needs. Once they had an outline prepared for their business plan, they met with a counselor from their local Small Business Development Center to get feedback and advice for improving their business plan. The number of hours spent on research helped Nora and Samantha prepare an effective business plan.

CheckPOINT

What are some of the resources that are available to help you develop your business plan?

Mistakes in Business Planning

Many entrepreneurs will not take the necessary time to carefully plan their business and prepare their business plan. This can contribute to difficulties in getting their business started as well as business failure.

To create an effective business plan, avoid making the following common mistakes.

- 1. Unrealistic Financial Projections** Many investors will go straight to the financial section of the business plan, so it is very important for the projections in this section to be realistic. Projections should be based on solid evidence for the potential growth of the company.
- 2. An Undefined Target Market** You must clearly define your market and give a clear picture of your potential customers. Clearly explain why these customers will buy your product. Be realistic about your market and do not assume that everyone will want to buy your product or service.
- 3. Poor Research** Many potential business owners are anxious to get their business operating and do not spend the time necessary to do good research. Use up-to-date research information and verify the facts and figures in your business plan.



Cross-Cultural Relationships

INTERNATIONAL MARKETS

If a business plans to export products or services, it must carefully plan strategies to ensure it succeeds. Factors to consider during the planning process include the following.

- Identify the most profitable international markets. Do not select too many markets initially. Test one market and then expand as you gain more experience doing business globally.
- Determine whether you need to modify your product or service. Other countries will have different customs and specific consumer preferences. For example, Pizza Hut offers squid as a pizza topping in Japan.
- Understand international regulations and licenses that apply to your product.
- Determine the distribution method for your product or service. Consider the steps to take to export from the United States.
- Create a promotional strategy for your product or service. Consider whether you will travel to the international markets to promote your product or service or hire someone who is familiar with the markets you are targeting.

Think Critically

What types of things should you consider when preparing to do business internationally?

4. **Ignored Competition** Do not overlook the competition and do not focus only on what the competition has done wrong. Investors want to see who your competition is and how you plan to compete in the market. Outline how you will differentiate yourself from the competition.
5. **Inconsistencies in the Business Plan** It is important to review your final business plan and be sure that your plan is well written and formatted in an attractive style. Be sure that information provided is consistent from section to section. It is a good idea to have an objective person review your final business plan before you show it to investors.

CheckPOINT

List some common mistakes that are made in business planning.
