BB Media Global Group

BPS

Business Plan

Success

By Byron Burke, CEO of BB Media Global Group

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PaloAlto Software

Table of Contents

Do I need a business plan?

Not everyone who starts and runs a business begins with a business plan, but it certainly helps to have one. If you are seeking funding from a venture capitalist, you will certainly need a comprehensive business plan that is well thought out and demonstrates sound business reasoning.

If you are approaching a banker for a loan for a start-up business, your loan officer may suggest a Small Business Administration (SBA) loan, which will require a business plan. If you have an existing business and are approaching a bank for capital to expand the business, they often will not require a business plan, but they may look more favorably on your application if you have one.

Reasons for writing a business plan include:

- Support a loan application
- Raise equity funding
- Define objectives and describe programs to achieve those objectives
- Create a regular business review and course correction process
- Define a new business
- Define agreements between partners
- Set a value on a business for sale or legal purposes
- Evaluate a new product line, promotion, or expansion

What's in a business plan?

A business plan should prove that your business will generate enough revenue to cover your expenses, but a business plan may vary depending upon whom your audience is. If you are writing a plan for your colleagues and partners, for example, to expand an existing business, then the focus of that plan may be more operational than financial. Yes, you are going to show your partners how this expansion will mean more revenues, but they are going to want to know the nuts and bolts of how this new venture is going to be implemented.

If you are writing a business plan for a bank, your bank manager will want to see that your ideas are well thought out, but the most important aspect to him or her will be your financials. Are your assumptions realistic? And will the cash flow of the business be enough to ensure that you can make the monthly payments for the loan that you have requested? If your business is making $1,000 a month and your payments are $1,200 a month, the bank is likely to turn you away.

When considering an investment opportunity, most venture capitalists look at the obvious trends and market niches. Transcending the business elements, however, the most important factor in a decision to invest in a company is the quality of the people. In real estate, the three biggest criteria are "location, location and location." The venture capital axiom is "people, people and people." VCs will ask, how experienced are the people that are going to run this business? Do they have knowledge of the industry? Have they started successful ventures in the past?

What makes a successful business plan?

- Presents a well thought out idea
- Contains clear and concise writing
- Has a clear and logical structure
- Illustrates management's ability to make the business a success
- Shows profitability

Bringing it all together...

Your business plan is like your calling card, it will get you in the door where you'll have to convince investors and loan officers that you can put your plan into action. You want your calling card to look impressive, so make sure your business plan is printed out on good quality paper, you have checked the spelling and grammar and that your numbers add up. Anyone who sees errors while reading your plan will wonder whether you are going to make similar errors in running your business.

A great business plan is the best way to show bankers, venture capitalists, and angel investors that you are worthy of financial support. Make sure that your plan is clear, focused and realistic. Then show them that you have the tools, talent and team to make it happen.

Business Plan Basics

The best way to show bankers, venture capitalists, and angel investors that you are worthy of financial support is to show them a great business plan. Make sure that your plan is clear, focused and realistic. Then show them that you have the tools, talent and team to make it happen. Your business plan is like your calling card, it will get you in the door where you'll have to convince investors and loan officers that you can put your plan into action.

Once you have raised the money to start or expand your business, your plan will serve as a road map for your business. It is not a static document that you write once and put away. You will reference it often, making sure you stay focused and on track, and meet milestones. It will change and develop as your business evolves.

Do I need a business plan?

Not everyone who starts and runs a business begins with a business plan, but it certainly helps to have one. If you are seeking funding from a venture capitalist, you will certainly need a comprehensive business plan that is well thought out and contains sound business reasoning. If you are approaching a banker for a loan for a start-up business, your loan officer may suggest a Small Business Administration (SBA) loan, which will require a business plan. If you have an existing business and are approaching a bank for capital to expand the business, they often will not require a business plan, but they may look more favorably on your application if you have one.

Reasons for writing a business plan include:

- Support a loan application
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What's in a business plan?

A business plan should prove that your business will generate enough revenue to cover your expenses and make a satisfactory return for bankers or investors.

1. **Executive Summary**--features the highlights of your plan and sells your idea in two pages or less.
2. **Company Summary**--a factual description of your company, ownership, and history.
3. **Products (or Services or both)--**describes your products and/or services and how they stand out from competitive products and services.
4. **Market Analysis**-provides a summary of your typical customers, competitive landscape, market size, and expected market growth.
5. **Strategy and Implementation**-describes how you will sell your product, how you will put your plan into action, and establishes milestones.
6. **Management Summary**-provides background on the management team, their experiences, and key accomplishments.
7. **Financial Plan**-contains key financials including sales, cash flow, and profits.
8.

What makes a successful business plan?

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How do you write a business plan?

Sitting down looking at a blank computer screen as you prepare to start your business plan can be daunting. You may want to look at some alternatives that will make the process a bit easier. **Hire a Professional.**

A professional consultant will create the business plan for you, but you still have to be prepared to think through your business and understand the underlying concepts in your business idea. You will have to work closely with the consultant to ensure that he or she develops a good plan that accurately represents your business or business idea.

If you have a business concept on paper, you can have one of BB Media Global Group's Business Plan Specialist review your plan. Since 2005, BB Media Global Group has helped raise over $20 million dollars

Buy a Book
There are many good books on the market that will help you to understand what needs to go into a good business plan. You can read Timothy Berry's "Hurdle: the Book on Business Planning".

Use Business Planning Software

A good business planning software package will provide you with an outline for a well-developed, objective-based and professional business plan. Software packages will remove the problem of starting from scratch by structuring your plan for you. The software should ask you the right questions that will pull out the most important underlying concepts within your business idea. You can learn about the leading software package on the market, Business Plan Pro.

Business planning resources

Click here to find out more

Gathering Information For Your Plan

A common problem people encounter when writing their business plan is finding information about their business industry and competitive companies. Fortunately, in recent years the Internet has made information gathering simple and easy, but sometimes the best information is found much closer to home, with real people, in real time.

Always take a look at other businesses similar to your own, as a very good first step. If you're looking at starting a new business, you may well be starting one similar to one you already know. If you're doing a plan for an existing business, you are even more likely to know the business well. Even so, you can still learn a lot by looking at other similar businesses.

- **Look at existing, similar businesses.**
- If you are planning a retail shoe store, for example, spend some time looking at existing retail shoe store businesses. Park across the street and count the customers that go into the store. Note how long they stay inside, and how many come out with boxes that look like purchased shoes. You can probably even count how many pairs of shoes each customer buys. Browse the store and look at prices. Look at several stores, including the discount shoe stores and department store shoe departments.
- **Find a similar business in another place.**
- Find a similar business far enough away that you won't compete. For the shoe store example, you would identify shoe stores in similar towns in other states. Call the owner, explain your purpose truthfully, and ask about the business.
- **Scan local newspapers for people selling a similar business.**
- Contact the broker and ask for as much information as possible. If you are thinking of creating a shoe store and you find one for sale, you should consider yourself a prospective buyer. Maybe buying the existing store is the best thing. Even if you don't buy, the information you gain will be very valuable. Why is the owner selling? Is there something wrong with the business? You can probably get detailed financial information.
- **Always shop the competition.**
- If you're in the restaurant business, patronize your competition once a month, rotating through different restaurants. If you own a shoe store, shop your competition once a month, and visit different stores.

It takes a little hard work but by using the Internet and doing some research at local businesses, you should be able to gather all the information necessary for your business plan.

Business Plan Maintenance

A business plan is not a one-time document, at least it shouldn't be. Most businesses put together a business plan during their start-up phase to organize, attract partners and employees, and to try and get a loan or financial investment. This is a great use of a business plan, however far too often once the company has started up the plan isn't touched again.

Ultimately, a business plan is about results, about making your business better. If you don't think doing a business plan will improve your business, then don't do one. Planning for planning's sake is a waste of time.

Where a plan is most likely to make your business better is by allowing you to:

1. Set priorities properly.
2. Track plan vs. actual results and make course corrections.
3. Plan and manage the critical numbers that aren't intuitive: not just profit and loss, but the relationship to cash flow, balance sheet, and ratios.
4. Communicate your plan to others: partners, employees, lenders, and investors. You may have a great plan in your head, but as soon as you need to explain it to others, you need to write it down.

Reviewing Your Plan

So how do you maintain your business plan? We have to first establish that without regular review -- monthly or at least quarterly review of your planned vs. actual results, with practical analysis of the reasons for variance -- planning is likely to be a waste of time.

Real planning requires regular reviews just as much as navigation requires knowing where you are as well as where you were and where you wanted to go.

Every real plan needs to be full of specific dates, budgets, forecasts, and management responsibilities. People involved have to know there will be tracking and following up on specifics. Then that plan must be reviewed against results, and those reviews should produce course corrections and fine tuning.

Generally a business hopes for a consistent long-term strategy built on short-step incremental changes, not major revisions. Consistency is important to strategy, and the business should avoid the temptation to jump around from one strategy to another so quickly that no strategy is ever really implemented. Remember that even a mediocre strategy well and consistently implemented is much better than a brilliant strategy that wasn't implemented.

However, businesses do come to crossroads demanding major revisions in their business plan. These are some signs that indicate its time to review your plan:

- **Major changes in market situation.** Look especially for changing market factors and changing market behavior.
  - Have your underlying business assumptions changed? As an example, the Internet has changed the business landscape so enormously that in some industries almost any plan that was developed without a view of the Internet may need revisions. That may not be true for a landscape architect or restaurant, but for a travel agent, graphic artist, or market researcher it's obvious.
  - Do you have new competition? Have new competitors emerged, or existing competitors changed the business landscape so much that you need to review and revise?
  - Has the product or service picture changed? For example a new technology may have emerged, changing the market perception of what you sell. There may be new products or services offering related solutions to the same user needs you satisfy.
- **Major changes in internal situation.** The most obvious major changes are changes in ownership, which are frequently the result of changing partnerships, divorces, deaths, and investment. The company takes on new partners, or sells out to a larger company. On a more ominous note, the company suffers significant declines in sales, profits, and financial health.

Always keep the revision in perspective. While you do want to review and correct constantly, you don't want to change a strategy unless you are sure it isn't working or you see real changes in the underlying assumptions that formed the foundations of strategy.

Maintaining Your Plan

The purpose of maintaining your plan is to use business results to guide your future decisions. The plan itself has no value if it doesn't help you improve business. That's regardless of how good or bad, how brilliant the ideas, writing, or how elaborate the tables and charts. Its value is the decisions it leads to.

That means, of course, that to make a plan worth the effort of developing it, you'll want to follow it up. Whether that's every month or every quarter, you need to track results, analyze the difference between plan and actual results, and manage. Change things that need to be changed. Compare what you planned to what happened in reality. Ask yourself the following questions:

- What went wrong, and how can we fix it?
- What went right, and how can we take advantage of it?
- What changes took place in the competitive landscape that could be updated in the plan?
- What changes took place affecting our market that could be updated in the plan?
- What changes took place internally in our organization that could be updated in the plan?

After you've answered these questions, update your plan accordingly, set new budgets and milestones, adjust your financials, and repeat the process with another review of your plan again next month or next quarter. Update your plan accordingly again, and keep repeating. You'll find that maintaining your business plan gives you a better grasp on your business, your market, and everything else that happens with your company.

Business Plan Mistakes

Often you may hear about what a business plan consists of. While including the necessary items is very important, you also want to make sure you don't commit any of the following common business plan mistakes:

1. Putting it off.
Don't wait to write a plan until you absolutely have to. Too many businesses make business plans only when they have no choice in the matter. Unless the bank or the investors want a plan, there is no plan.

Don't wait to write your plan until you think you'll have enough time. "There's not enough time for a plan," business people say. "I can't plan. I'm too busy getting things done." The busier you are, the more you need to plan. If you are always putting out fires, you should build firebreaks or a sprinkler system. You can lose the whole forest for paying too much attention to the individual burning trees.

2. Cash flow casualness.
Cash flow is more important than sales, profits, or anything else in the business plan, but most people think in terms of profits instead of cash. When you and your friends imagine a new business, you think of what it would cost to make the product, what you could sell it for, and what the profits per unit might be. We are trained to think of business as sales minus costs and expenses, which equal profits. Unfortunately, we don't spend the profits in a business. We spend cash. So understanding cash flow is critical. If you have only one table in your business plan, make it the cash flow table.

3. Idea inflation.
Plans don't sell new business ideas to investors. People do. The plan, though necessary, is only a way to present information. Investors invest in people, not ideas.

Don't overestimate the importance of the idea, particularly the importance of the uniqueness of the idea. You don't need a great idea to start a business; you need time, money, perseverance, common sense, and so forth. Very few successful businesses are based entirely on new ideas. A new idea is much harder to sell than an existing one, because people don't understand a new idea and they are often unsure if it will work.

4. Fear and dread.
Doing a business plan isn't as hard as you think. You don't have to write a doctoral thesis or a novel. There are good books to help, many advisors among the Small Business Development Centers (SBDCs), business schools, and there is software available to help you (such as Business Plan Pro, and others).

5. Spongy, vague goals.
Leave out the vague and the meaningless babble of business phrases (such as "being the best") because they are simply hype. Remember that the objective of a plan is its results, and for results, you need tracking and follow up. You need specific dates, management responsibilities, budgets, and milestones. Then you can follow up. No matter how well thought out or brilliantly presented, it means nothing unless it produces results.

6. One size fits all
Tailor your business plan to its real business purpose. Business plans can be different things: they are often just sales documents to sell an idea for a new business. They can be detailed action plans, financial plans, marketing plans, and even personnel plans. They can be used to start a business, or just run a business better.

7. Diluted priorities.
Remember, strategy is focus. A priority list with 3-4 items is focus. A priority list with 20 items is something else, certainly not strategic, and rarely if ever effective. The more items on the list, the less the importance of each.

8. Hockey-stick shaped growth projections.
Have projections that are conservative so you can defend them. When in doubt, be less optimistic.

Design Your Plan to Fit Your Business

Business planning **is** about results. For every business plan, you need to make the contents of your plan match your purpose. Don't accept a standard outline just because it's there.

In the United States business market there is a standardization about business plans. You can find dozens of books on the subject, about as many Web sites, two or three serious software products, and courses in hundreds of business schools, night schools, and community colleges. Although there are many variations on the theme, a lot of it still falls into the same standard.

What is a Business Plan?

A business plan is any plan that works for a business to look ahead, allocate resources, focus on key points, and prepare for problems and opportunities. Business existed long before computers, spreadsheets, and detailed projections. So did business plans.

Unfortunately, people think of business plans first for starting a new business or applying for business loans. But they are also vital for running a business, whether or not the business needs new loans or new investments. Businesses need plans to optimize growth and development according to priorities.

What's a Start-up Plan?

A very simple start-up plan includes a summary, mission statement, keys to success, market analysis, and break-even analysis. This kind of plan is good for deciding whether or not to proceed with a plan, to tell if there is a business worth pursuing, but it is not enough to run a business with.

Is There a Standard Business Plan?

A normal business plan, one that follows the advice of business experts, includes a standard set of elements. Plan formats and outlines vary, of course, but generally, a plan will include standard components such as descriptions of the company, product or service, market, forecasts, management team, and financial analysis.

Your plan depends on your specific situation. For example, if you're developing a plan for internal use only (not for sending out to banks or investors), you may not need to include all the background details that you already know. Description of the management team is very important for investors, while financial history is most important for banks. Make your plan match its purpose.

What's Most Important in a Plan?

It depends on the case, but usually it's the cash flow analysis and specific implementation details.

- Cash flow is both vital to a company and hard to follow. Cash is usually misunderstood as profits, and they are different. Profits don't guarantee cash in the bank. Lots of profitable companies go under because of cash flow problems. It just isn't intuitive.
- Implementation details are what make things happen. Your brilliant strategies and beautifully formatted planning documents are just theory unless you assign responsibilities, with dates and budgets, follow up with those responsible, and track results. Business plans are really about getting results and improving your company.

Can you Suggest a Standard Outline?

If you have the main components, the order doesn't matter that much, but here's the outline order we suggest in Business Plan Pro software:

1. **Executive Summary:** Write this last. It's just a page or two of highlights.
2. **Company Description:** Legal establishment, history, start-up plans, etc.
3. **Product or Service:** Describe what you're selling. Focus on customer benefits.
4. **Market Analysis:** You need to know your market, customer needs, where they are, how to reach them, etc.
5. **Strategy and Implementation:** Be specific. Include management responsibilities with dates and budget.
6. **Management Team:** Include backgrounds of key members of the team, personnel strategy, and details.
7. **Financial Plan:** Include profit and loss, cash flow, balance sheet, break-even analysis, assumptions, business ratios, etc.

We don't recommend developing the plan in the same order you present it as a finished document. For example, although the Executive Summary comes as the first section of a business plan, we recommend writing it after everything else is done. It will appear first, but you write it last.

The Essential Contents of a Marketing Plan

Excerpt from *On Target: The Book on Marketing Plans* by Tim Berry and Doug Wilson

Every marketing plan has to fit the needs and situation. Even so, there are standard components you just can't do without. A marketing plan should always have a situation analysis, marketing strategy, sales forecast, and expense budget.

- **Situation Analysis:** Normally this will include a market analysis, a SWOT analysis (strengths, weaknesses, opportunities, and threats), and a competitive analysis. The market analysis will include market forecast, segmentation, customer information, and market needs analysis. **Marketing Strategy:** This should include at least a mission statement, objectives, and focused strategy including market segment focus and product positioning.
- **Sales Forecast:** This would include enough detail to track sales month by month and follow up on plan-vs.-actual analysis. Normally a plan will also include specific sales by product, by region or market segment, by channels, by manager responsibilities, and other elements. The forecast alone is a bare minimum.
- **Expense Budget:** This ought to include enough detail to track expenses month by month and follow up on plan-vs.-actual analysis. Normally a plan will also include specific sales tactics, programs, management responsibilities, promotion, and other elements. The expense budget is a bare minimum.

Are They Enough?
These minimum requirements above are not the ideal, just the minimum. In most cases you'll begin a marketing plan with an Executive Summary, and you'll also follow those essentials just described with a review of organizational impact, risks and contingencies, and pending issues.

Include a Specific Action Plan
You should also remember that planning is about the results, not the plan itself. A marketing plan must be measured by the results it produces. The implementation of your plan is much more important than its brilliant ideas or massive market research. You can influence implementation by building a plan full of specific, measurable and concrete plans that can be tracked and followed up. Plan-vs.-actual analysis is critical to the eventual results, and you should build it into your plan.

Public Relations Marketing

Excerpt from *On Target: The Book on Marketing Plans* by Tim Berry and Doug Wilson

Public Relations involves a variety of programs designed to maintain or enhance a company's image and the products and services it offers. Successful implementation of an effective public relations strategy can be a critical component to a marketing plan.

A public relations (PR) strategy may play a key role in an organization's promotional strategy. A planned approach to leveraging public relations opportunities can be just as important as advertising and sales promotions. Public relations is one of the most effective methods to communicate and relate to the market. It is powerful and, once things are in motion, it is the most cost effective of all promotional activities. In some cases, it is free.

The success of well executed PR plans can be seen through several organizations that have made it a central focus of their promotional strategy. Paul Newman's Salad Dressing, The Body Shop, and Ben & Jerry's Ice Cream have positioned their organizations through effective PR strategies. Intel, Sprint and Microsoft have leveraged public relations to introduce and promote new products and services.

Similar to the foundational goals of marketing, effective public relations seeks to communicate information to:

- Launch new products and services.
- Reposition a product or service.
- Create or increase interest in a product, service, or brand.
- Influence specific target groups.
- Defend products or services that have suffered from negative press or perception.
- Enhance the firm's overall image.
- The result of an effective public relations strategy is to generate additional revenue through greater awareness and information for the products and services an organization offers.

Goals and Objectives

Good strategy begins with identifying your goals and stating your objectives. What are the goals and objectives behind your public relations strategy and can they be measured and quantified?

Each of these areas may reflect the goals your public relations campaign may seek to accomplish.

Press relations
Communicating news and information of interest about organizations in the most positive light.

Product and service promotion
Sponsoring various efforts to publicize specific products or services.

Firm communications
Promoting a better and more attractive understanding of the organization with internal and external communications.

Lobbying
Communicating with key individuals to positively influence legislation and regulation.

Internal feedback
Advising decision makers within the organization regarding the public's perception and advising actions to be taken to change negative opinions.

BB Media Global Group Extras:

Here's some great tools and resources that you can use in your business plan development:

Business Plan Tools

Visit our website for some finicial tools for your business plan

Resources

Small Business Development Centers

"How To Raise Your First Million Dollars" – The Ultimate Guide To Angel Investors

Learn About Fortune 500 Companies at Hoovers

About the Author

Tim Berry is president of Palo Alto Software and principal author of its Business Plan Pro® software for developing business plans. He was a cofounder of Borland International, which was founded in 1983 and went public in 1986. Before creating his own company, he was a planner for Business International and Creative Strategies, and a consultant in business planning to Apple Computers. He is also the founder of bplans.com, the world's most well-known business-planning resource site.

Berry's book A CPA's Guide to Effective Business Plans, was published in 1999 by Harcourt Brace and was republished in four editions by Aspen Press and Palo Alto Software. His book Hurdle: The Book on Business Planning, was first published in 1998 and has had four new editions. He is also the author of books on business planning published by Dow Jones-Irwin, Microtext-McGraw-Hill, and Hayden Books.

Berry holds an M.B.A. degree from Stanford University and an M.A. degree with honors in journalism from the University of Oregon. He is a magna cum laude graduate of the University of Notre Dame.

About Byron E. Burke, Founder of BB Media Global Group

Byron E. Burke has worked in the music industry for over twenty years, serving as the Co-Executive Vice President of the music division for Prelude Music & Film Works that released the 1998 motion picture for New Line Cinema, " Lost In Space ".

Mr. Burke was the creative force behind Ten City - an early 1990's dance group leading to global sales of 1.2 million records. He co-wrote and produced two albums entitled, Foundation and State Of Mind for Atlantic Records, one album entitled, No House Big Enough for East/West Records, and one album entitled, That Was Then, This Is Now for Columbia Records. The records spawned ten Top 20 Billboard Magazine dance songs, five Top 10 Billboard Magazine Sales Chart Singles, ten Top U.K. Pop Chart Singles, a Gold Album from South Africa and a Silver Album from the U.K. that received international acclaim on four continents.

In 1999, Mr. Burke attended a special 9 week continuing education course at Stanford University in Palo Alto, California, studying development, research, marketing and management of start-up businesses and raising venture & angel funding. In 2005, Mr. Burke created BB Media Global Group, a start up business and marketing consulting company, that has helped raise over $20 million dollars in venture funding in the oil and diamond industries since its inception.