

# Resolution Enterprises, LLC

*Helping Small Businesses Achieve Their Definition of Success*

## **THE SIX MOST IMPORTANT THINGS YOU SHOULD KNOW ABOUT YOUR BUSINESS PLAN**

### **I. Can you answer the question, “Why do I need a business plan?”**

As a Small Business Consultant, one of the most often asked questions is, “Do I need a business plan?” There are two reasons a business plan may be in your future.

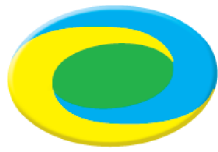
First, if you are a brand new business still in the planning stage, you should always do a business plan. Your business plan will combine your strategy, goals and objectives, and outline how you will meet the expectations of your business. The plan will take you through your concept definition to your implementation plan.

If you are an existing business and you need an influx of capital to help with inventory purchases, improvements, or expansion efforts, then yes, you need a business plan. There are very few exceptions where a business loan application does not need to be accompanied by a detailed business plan. The plan tells the prospective lender what you want the money for and what you hope to accomplish with it.

One of the most critical reasons to write a business plan whether you are a start-up or an existing business is to give you focus on how you will develop your business to meet your financial goals. It is a way to keep you on track in the implementation phase of your business. The plan gives you a roadmap to follow that will go a long way to ensure your successful implementation.

### **II. Is your Executive Summary compelling?**

The Executive Summary is for the lender. They are looking for a reason to read your business plan in detail. The Executive Summary serves as the introduction to your



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plan. It must contain all the critical elements of the plan to capture the lenders interest.

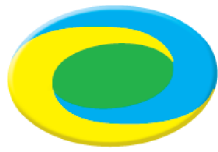
You should include the name of your business and business entity definition. These are important so that the lender knows the type of business s/he is looking at. Are they looking at a Limited Liability Company, a Subchapter S Corporation, or a larger C Corporation? Perhaps you are just starting out and you are a sole proprietor. In either case, the lender is interested in this information up front, before they read further.

What about you and your key employees? Include a brief description about you and why you and/or you key employees can make this business successful. All that is needed here is a short biography. When you are in the lending process, a successful interview is all about your ability to sell yourself and your knowledge to the lender. Therefore, a detailed description of your capability and your employee talents can be included later in the Management Section.

Did you define the industry you are in and who your key clients will be? It is of interest to the lender to know if you are in telecommunications or housing, software development or interior design. One is not necessarily better than another; however, it sets the stage for the amount of money you may be requesting. If you can't articulate precisely who your customer is, how are you going to convince the lender that you can sell to them?

What key products and/or services are you selling? They need to match-up with your target customer. What are you charging and how are you going to make money. It is a good idea to include the anticipated sales volume for the first year in the Executive Summary with detailed financials in the appropriate section.

Your sales volume helps lenders determine your capability of paying your loan payments. Accompanying your sales volume should be your requested loan amount. Any brand new business should have your total start-up costs in the



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Executive Summary with the details in the Finance section. For existing businesses you want to explain the use of the funds you are requesting.

There you have it, the things that should be in your Executive Summary. Oh, did I mention that your Executive Summary should be no more than two pages in length. That's right, two pages. The lender does not want to read a book to make an initial determination about your business plan. Give them what they need to see concisely and accurately.

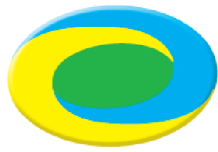
### III. Do you know what the trends are in your industry?

You might be thinking, wait I gave the reader the trend information in the Executive Summary. You would be right, if all the information you want to say can fit into one or two paragraphs. In most cases, you will have more information than you can possibly include in the Executive Summary. And, it is information that is critical to your success. In this section, you are demonstrating to the lender and yourself that you have done your homework. You know what is happening in your industry. You know what the hot trends are. And, you know how your products/services are impacted by this knowledge. Be complete, be accurate, and show your sources.

### IV. Why does your customer want to buy from you?

You've studied the trends and developing technology in your industry. You've developed products/services based on this information. You know where your business will be located and the specifics about your customer. But have you figured out why they will buy from you rather than someone else? An extensive look at your competitors is critical to your success. How does your customer service measure up to theirs? Is your pricing competitive? Have you customized your availability to match your customer's requirement for access?

Most plans include a competitive analysis section that may or may not include a SWOT analysis. But what most plans don't do is talk about the products/services



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based on the benefit to their customer. For instance, the plan for clothing store may say, “We sell all famous maker brands in a variety of sizes”. If you want to sell your famous maker brands, then you must position them based on the customer benefit. Such as, “We sell clothing in current styles and your size ensuring you look great to feel great.”

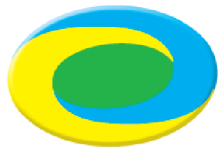
## V. Did you articulate how you will deliver the results stated in your plan?

This is a huge area. It includes detailed marketing tactics from how you are going to reach your customer to how and when you will deliver the product/service to them. You will need a detailed marketing plan, a management plan, and a vendor strategy to deliver your product/service to the customer. Not including either one of these is a weakness that can cause your plan to be unsuccessful.

Often times, I will see generic marketing tactics without specifics – when you will implement the tactic, what you hope to gain from it, what the financial impact will be. If you need to interface with vendors to meet the deliverable, how do you do this? If you have specific employees assigned to different areas of the business, how does their performance impact your ability to deliver your product/service on time and in budget? Most plans do not contain sufficient detail in these areas, collectively.

## VI. What are the financial impacts?

You have identified the success of your plan based on financial results. It is critical that what you’ve articulated up to this point resonates in the financial picture. Your marketing plan, management plan, and vendor strategies drive your financial plan. At a minimum, you should include Cash Flow Projections (for new companies) for years 1 and 2 by month. For existing companies, you should include the last two years of actual cash flow, with two years projected for the impact of the new funds you are requesting. Income statement and Balance Sheet are required as well as a Break-even Analysis. If you are requesting money for a start-up company, be sure to



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include your Start-up Summary of Expenses. If you are an existing company requesting new money for expansion, then include a Sources and Uses of Funds. The SCORE.org website has free downloads of finance templates you can use.

Be sure to include a list of all assumptions you made in developing your financial plan. These tell the lender the detail of your analysis and why you have projected the sales amounts you show.

Included in this download is your copy of our Business Plan Wheel. Mark the wheel with your level of expertise for each of the six areas shown. Will your business wheel roll or do you have a bumpy road ahead.

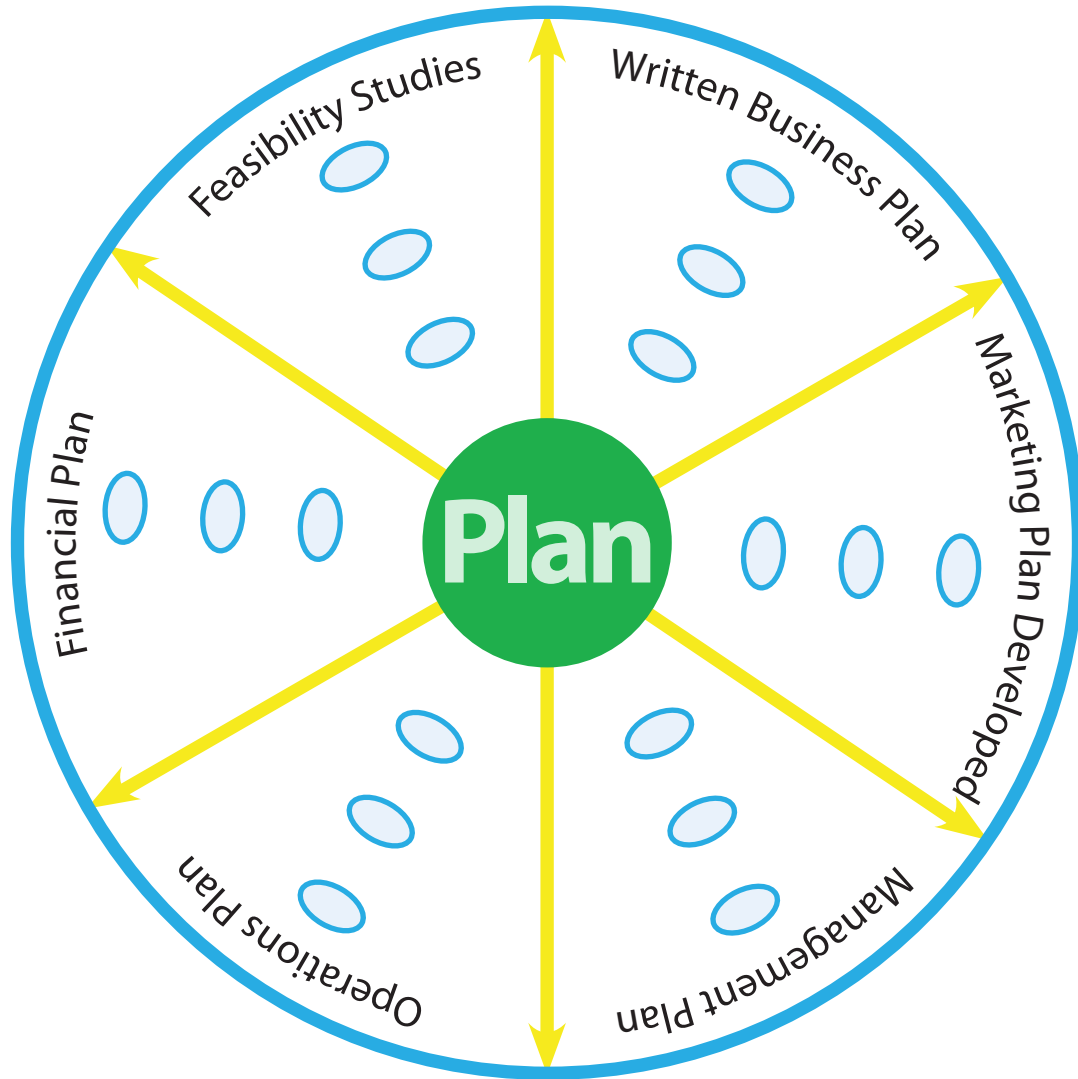
For existing businesses that do not require outside funding, then you should determine if a full business plan is required or whether you need a feasibility study to determine whether you move forward with:

- Introducing a new product/service
- Opening a new territory
- Franchising your business
- Positioning your business for sale

It's also possible that you may just need a marketing plan to introduce your new product/service or expand your sales of existing products/services. Resolution Enterprises, LLC is available to help you decide the best plan for you. Visit us at [www.resolutionenterprises.com](http://www.resolutionenterprises.com) or email us at [Louise@ResolutionEnterprises.com](mailto:Louise@ResolutionEnterprises.com).



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