

## Business Plans

*The business plan is one of the most crucial elements in your business. Make sure your company has a well-prepared plan.*

**A** business plan provides the owner with a sense of direction. It defines where a business is now and where its managers expect it to be in the next few years. This plan thus serves as a blueprint to achieve the future.

The purpose of a well-prepared business plan is not to dazzle people with your knowledge of technical jargon, but to show both you and others how attainable short, intermediate and long-term goals are.

Lenders, investors and others having an interest in the company will want to review the plan, addressing strengths as well as potential problems, and how you expect to overcome them. A plan should be developed with care and should be divided into several key elements.

The key elements include:

**The Executive Summary** – this element briefly describes the nature of the business. It should include the company's mission, the industry, legal structure, brief company history and products or services. Great detail is not needed in this area.

**Marketing Strategy** – this element includes potential customers, advertising and public relations goals, and specific marketing programs. Provide descriptions concerning the market, the company's market share and its penetration goals. The anticipated demand for the company's product, advantages the company has over the competition and sales projections should be included.

**Production Or Operating Element** – this explains how the company will perform production or delivery of your services. Discuss your goals regarding production facilities, equipment, overhead, work force and quality standards.

**Financial Plan Element** – this section should provide details regarding the company's financial goals. These include gross profit, gross sales, pro forma balance sheets, income statements, cash flow statements, budgets and a funding request if you're seeking financing. Discuss targeted returns on assets, targeted debt structure and significant ratios.

**Organization Element** – the owner may do everything at first; however, as the company grows, duties will be delegated. While job descriptions do not have to be included in the plan they should be available in writing.

Once established the business plan should be used as a flexible blueprint, subject to review and revision as circumstances warrant.

**To obtain more information or assistance in writing a business plan, contact our Fiducial affiliated office for assistance.**

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