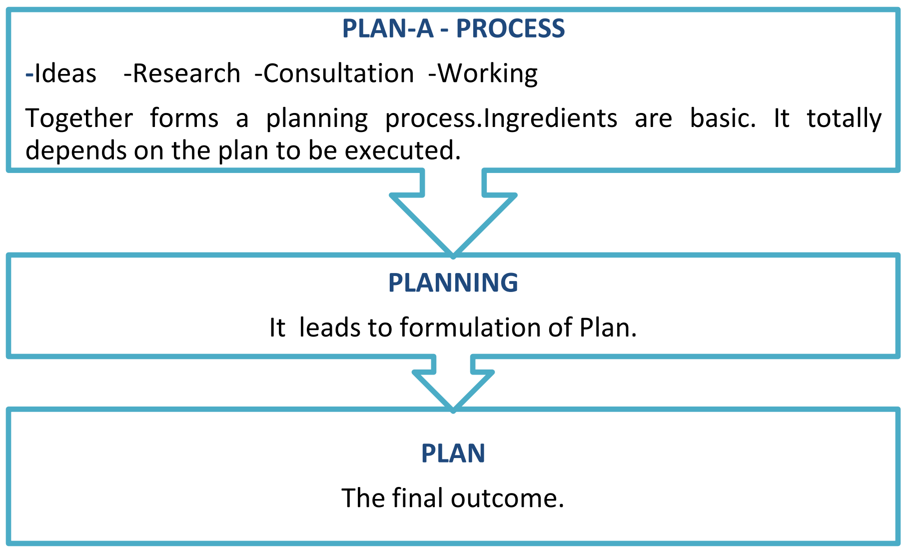
INTRODUCTION TO WRITING A BUSINESS PLAN

INTRODUCTION



BUSINESS PLAN

A **BUSINESS PLAN** IS:

- A report showing the plans of the business, often used to attract finance from investors and creditors
- A document that is designed to provide information about a new business or venture to persuade financial backer to invest in a business

The business plan describes out the market opportunities the business intends to exploit, how it will do so and what resources are required

WHY BUSINESS PLANS:

A business plan is essential to:

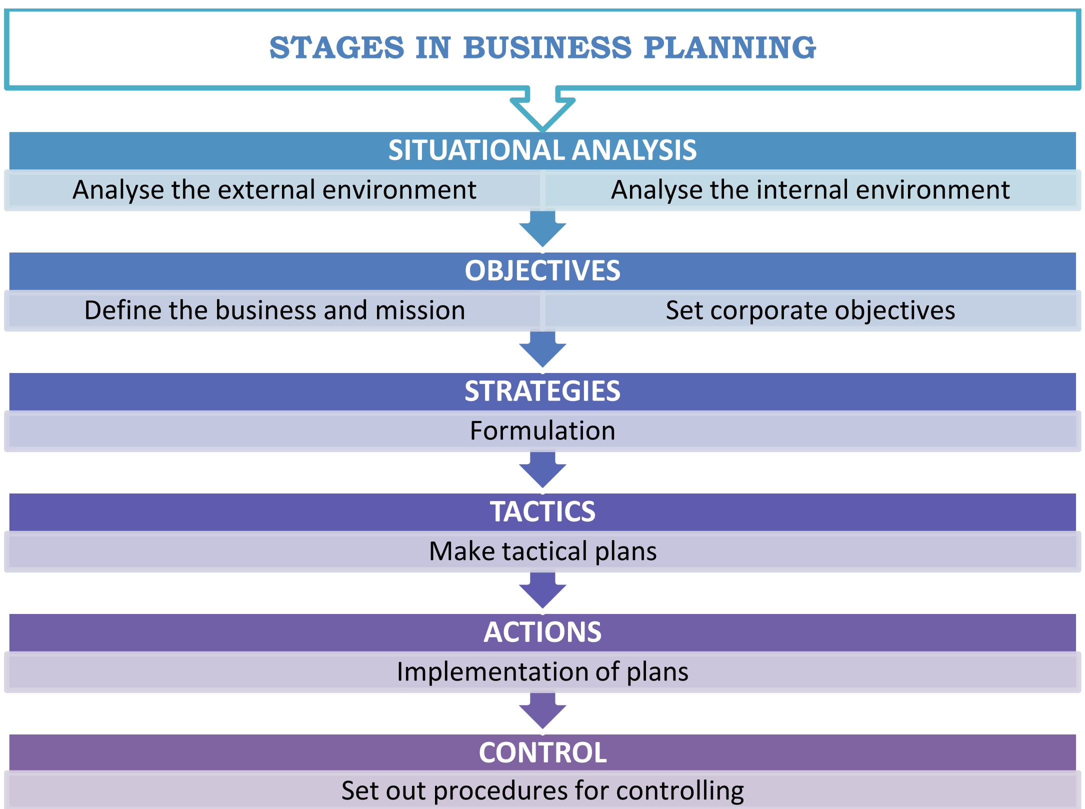
- Persuade people to invest in an enterprise
- Convince creditors about the credit worthiness of the enterprise

To persuade banks and others to lend or invest money it is necessary to:

- Demonstrate the lender/investor has a good chance of being repaid or getting a good return on their investment
- Build confidence about the firm and owners' capabilities
- Demonstrate that there is a good market for the product or service

USES BUSINESS PLAN

- Clarify objectives
- Provide a sense of direction, purpose and urgency
- Plan all aspects and ensure that nothing is overlooked
- Provide a checklist to help run and control the business
- Monitor progress and success
- Improve performance
- Improve motivation and communication
- Allocate responsibility
- Better control and co-ordination and greater consistency
- Failing to plan makes an organization reactive, vulnerable to threats and closed to opportunities



CHARACTERISTICS OF EFFECTIVE BUSINESS PLAN

- They are carefully researched
- They contain detailed market analysis
- They are used as a reference point for decisions
- Actual performance is compared with objectives and objectives are regularly updated
- They evolve over time to ensure that growth targets are realistic and challenging

TEN COMMON MISTAKES IN PRODUCING A BUSINESS PLAN

1. Failing to plan in the first place
2. Shrugging off values and vision - these are there to remind the entrepreneur where he/she wants to go
3. Second guessing the customer - ignore your customer at your peril
4. Underestimating the competition
5. Ignoring the firms own strengths and weaknesses
6. Mistaking a budget for a plan
7. Shying away from reasonable risk
8. Allowing one person to dominate the plan
9. Being afraid to change
10. Forgetting to motivate and reward

For Your Knowledge Purpose:-

Small presentation which I had prepared prior to development process of a plan executed in organization I'm working.

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