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A STEP-BY-STEP GUIDE ON HOW TO WRITE A SUCCESSFUL BUSINESS PLAN PART I—THE BASICS OF BUSINESS PLANNING

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This is the first segment of a four part series designed to help entrepreneurs who are interested in successful business planning. Parts I and II of the series provide the entrepreneur with an outline and a brief description of each section of a successful business plan. In Part III, the importance of market research is explained, the steps for completing market research are presented, and several available market research resources are provided. A marketing plan is described in Part IV.

The Basic Steps to a Successful Business Plan

A business plan is essential for formulating a long-term strategic plan for your business. The business plan may also be vital when visiting with your banker and applying for a business loan. This fact sheet is designed to show you the type of information to include in your business plan and to provide you with a possible format to use.

I. Title Page

The title page should include the official name of the company, the date when the business plan was prepared and finalized, and the appropriate contact person for further information about the business. If you are writing the business plan in anticipation of securing a business loan, you should also include a brief summary of your business's loan request. You can also include the dollar amount of the loan you are requesting, the

date for which the loan is required, and the reason for your loan request.

II. Description of the Business

The purpose of the business description section is to provide the reader with an explanation of the foundation, structure, and purpose of the business. This section should provide the reader with an overview of the history of the company as well as a projection of the opportunities that you foresee for its products or services. The business description provides the readers with insight that allows them to better correlate the projections and estimates presented in subsequent sections.

The following points should be included in the business description section:

- Describe the business or proposed business.
- List the products and services you currently provide or plan on offering.
- Provide the history or background of how the business started.
- Briefly describe your knowledge of the business's industry.
- Describe how the products or services that you offer will benefit your customer.

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III. Mission or Vision Statement

The mission statement is a concise statement, no more than 25 words, that summarizes the reason that the business exists. The mission statement may include the values and philosophy of the business, the primary markets or geographic areas that it serves, and the products and services that it provides.

The following is an example of a mission statement:

“The mission of Grasslands Beef Ranch is to provide Colorado consumers with natural, high quality, value-added beef products while increasing the profitability of our business and being good stewards of the land.”

IV. Business Goals

Concise and defined goals will provide your business with a roadmap for success. Goals should originate from your business’s mission statement; they are the steps your business will take to achieve the mission statement. Goals should be specific, measurable, realistic, and attainable. Additionally, goals must be reviewed and revised as the mission of your business evolves.

The following are examples of goals:

- We will increase our value-added beef sales by 30% by January 2004.
- We will generate an adequate amount of income to maintain ownership of the ranch.

V. Location of Business

The location of your business can play an important role in its success or failure. This section should describe the planned geographical location of the business and discuss any advantages or disadvantages of the site location in terms of wage rates, labor availability, closeness to customers or suppliers, access to transportation, state and local taxes, and laws and utilities. Describe your approach to overcoming any problems associated with the location.

The following points should be included in this section:

- Describe the planned geographical location.
- Discuss advantages or disadvantages of the site location.
- Describe your approach to overcoming any problems.

VI. Market Analysis

The purpose of this section is to present sufficient facts to convince the reader that your product or service has a substantial market that will enable your business to survive and grow.

The market analysis section should include the following:

- Identify your customers and potential customers (e.g. age, income, and hobbies, regional, national, international)
- Describe the size of the current total market and potential annual growth.
- Identify three or four of your key competitors.
- Discuss your competitors’ strengths and weaknesses.

Explain how you can compete with your competitors and capture a share of the market.

A more complete explanation of the market analysis section will be included in Part III of this series of fact sheets.

VII. Marketing Plan

The marketing plan should discuss your business’s overall market strategy; it should include a description of each of your “4-P’s:” the *product* that you will be marketing, your *pricing* strategy, the *place* where your product will be sold, and how you will *promote* your product. The critical details to include in your marketing plan will be discussed in depth in Part IV of this series of fact sheets.

VIII. The Management and Key Personnel

Your management team is another key to turning a good idea into a profitable business. A successful business needs a committed management team with a proper balance of technical, managerial, and business skills, and experience in doing what is proposed. Be sure to include complete resumes for each key management member in the supporting documents section.

- List owners and key management personnel and their primary duties. If any key individuals will not be on board at the start of the venture, indicate when they will join the team.
- Discuss any experience where the above persons have worked together that indicates how their skills complement each other and result in an effective management team.

- List the advisors and consultants that you have selected for your venture. Capable, reputable, and well-known supporting organizations cannot only provide significant direct, professional assistance, but can also add to the credibility of your venture.

In addition to the management team you should explain how you plan to recruit, develop, and maintain your workers. List the number of employees you will have, as well as their job titles and required skills.

- Identify essential employees, their job titles, and required skills.
- Identify the source and your plan to recruit essential employees.
- Discuss any training or retraining that you plan for your employees.

IX. Financial Data

Financial records and planning are necessary for your business to remain profitable and solvent. The Financial Section should include a budget, financial statements, break-even analysis, and income projections. In part II of this four- part series we will present the financial components of a successful business plan.

As mentioned above, future *Agribusiness Marketing Reports* will provide information on conducting market research and a market analysis, developing a marketing plan, and the necessary financial data that should be included in your business plan.