

# Planning the Business

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**Department of Innovation, Business and Rural Development**

# Why a Business Plan?

- Lenders/Investors want to see it
  - understanding of industry
  - strategy for capturing part of the market
  - financial requirements to get there
- Communicates your vision to employees and other stakeholders

# Why a Business Plan?

- Give you a better understanding of your business
  - What is your business?
  - What is your market?
  - Who are your competitors?
  - What is the strategy to capture your share?
  - Where do you want to go?
  - How are you going to get there?
  - How much is it going to cost?

# Why a Business Plan?

- Selling the Business
- Transferring the Business to a Family Member
- Taking the Company Public
- Being Acquired by a Larger Company

# Sort of 7 Key Sections

- Executive Summary – first but last
- Business Overview
- Product and/or Service
- Industry Overview
- Marketing Strategy
- Operations Plan
- Financial Plan – last but first

# Executive Summary

- A summary in one or two pages
- Highlights the key points of the plan
- Not an introduction to the plan
- It is a primer for what is to come
- Written last

- Business Overview
  - Mission statement – statement of purpose
  - Brief description of the business
    - History, product/service, market
  - Overview of company capabilities
  - Objectives – what do you want to do with it?
  - Ownership Structure

- Mission statement

"To provide economy and quality minded travelers with a premier, moderate priced lodging facility which is consistently perceived as clean, comfortable, well-maintained, and attractive, staffed by friendly, attentive and efficient people."

Courtyard by Marriott



# Business Overview

- What do we do?
- How do we do it?
- Whom do we do it for?
- What value are we bring?

- Products / Services
  - What does your business do?
  - What makes it unique?
  - What is the competitive advantage?

# Industry Overview

- Industry definition and description
  - Major players
  - Factors that drive the industry
  - New trends, products and/or developments impacting the industry
- Regulations and policies that may affect business
- Current and future trends

# Market Analysis

- Market Definition
  - Primary Market
  - Secondary Markets
  
- Market Size and Trends
  - Current total revenues
  - Predicted annual growth rate

- Customer Characteristics
  - Who are they?
  - Why do they buy?
  - Need satisfied by the product/service
  - What are the alternatives?
  - Who makes the decision to buy?
  - How frequently do they purchase?

# Competitors

- Direct Competitors
  - Who are they?
  - Strengths and weaknesses
  - Market shares
  
- Indirect Competitors

# Marketing Plan

- Statement of Opportunity
- Objectives
- Existing Customers
- Potential Customers
  - Prospects targeted
  - How prospects will be targeted

# Marketing Plan

- Selling Strategy – Unique selling Proposition
  - New product/service
  - Improved
  - Convenience
  - Specialization
  - Better quality
- Pricing Strategy
- Distribution/attraction Strategy
- Forecasts



- Marketing Programs
  - Social Media – Facebook, YouTube, Twitter, etc.
  - Website
  - Direct Mail
  - Trade Shows
  - Advertising
- Pricing
  - Basis for targeted price point
  - Margins and profitability by volume levels

# Operations

- Facilities
- Staffing
- Subcontractors
- QA/QC
- Operating Expenses

# Management

- Organizational plan
- Management Team
- Key personnel
- Administrative Expenses

- Income Statement
  - details revenues and expenses
  - not everything money is spent on is an expense
- Balance Sheet
  - lists assets and liabilities
  - what I own and what I owe
- Cash Flow Statement
  - cash is queen
  - cash is king, also

# Financials

- Pro-forma Profit & Loss Statements
- Pro-forma Balance Sheet
- Pro-forma Cash Flow Projections

# Appendices

- Resumes of key personnel
- Market research
- References
- Additional financial information

# Final Thoughts

- Plan for change
- What sets you apart from competitors
- Revisiting the business plan and make adjustments as necessary – living document
- Watch the financials and measure the data
  - Website visitors, social media followers
  - Growth in total market – are you getting share
  - Change in cost of inputs

# Questions