



Writing Your Business Plan

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What do we know about Small Business?

- ▶ Important to our economy
- ▶ More than 94% of all businesses in the U.S. are classified as “Small Business”
- ▶ Small businesses generate more than 50% of the non-farm GDP
- ▶ Employ ½ of all private sector employees
- ▶ Have generated 60 – 80% of all new jobs in the last decade

Why Go Into Business ?

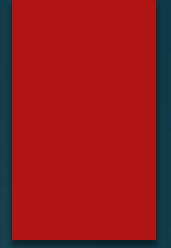
- ▶ Make money
- ▶ Have fun
- ▶ Be your own boss
- ▶ Prestige of owning your own firm
- ▶ Leave a legacy for your family

Cruel Facts of Entrepreneurial Life

- ▶ 20% fail in first year
- ▶ Almost half fail within 5 years
- ▶ 80% never see tenth anniversary
- ▶ Failures are due to lack of :
 - ▶ Business skills/planning
 - ▶ Funding
 - ▶ Commitment

20 Questions Before Starting

(sba.gov)



1. Why am I starting a business?
2. What kind of business do I want?
3. Who is my ideal customer?
4. What products or services will my business provide?
5. Am I prepared to spend the time and money needed to get my business started?
6. What differentiates my business idea and the products or services I will provide from others in the market?
7. Where will my business be located?
8. How many employees will I need?
9. What types of suppliers do I need?
10. How much money do I need to get started?
11. Will I need to get a loan?
12. How soon will it take before my products or services are available?
13. How long do I have until I start making a profit?
14. Who is my competition?
15. How will I price my product compared to my competition?
16. How will I set up the legal structure of my business?
17. What taxes do I need to pay?
18. What kind of insurance do I need?
19. How will I manage my business?
20. How will I advertise my business?

Why create a business plan?

- ▶ Assure that the business is viable
- ▶ Determine how quickly it will make you money
- ▶ Risk Assessment for you and your family
- ▶ Calculate how much cash is needed to get started
- ▶ Know who is your Target Market (Customers!)
- ▶ Is critical to securing financing
- ▶ Builds confidence in ability to repay loan
- ▶ Provides a roadmap beyond your first year

Keep It Simple

- ▶ 5-10 pages plus appendices
- ▶ Use bullet points and outline format
- ▶ Use charts and graphs only where they really enhance a point
- ▶ Write it yourself

Elements of a Business Plan

- ▶ Executive Summary
- ▶ Company Description
- ▶ Products and Services
- ▶ Marketing Plan
- ▶ Operational Plan & Management
- ▶ Financials
- ▶ Appendices



Executive Summary



- ▶ Brief – 1 to 2 paragraphs
- ▶ Overview
- ▶ Product or Service (Niche)
- ▶ Customers
- ▶ Location of Business
- ▶ Business Structure
- ▶ Applying for Loan?
 - How much is needed?
 - How loan dollars lead to profit?
 - Build confidence about repayment

General Company Description

- ▶ What business are you in?
- ▶ What will you do?
- ▶ Who are your customers? What customer need does your business fill?
- ▶ What will be your company's strengths and competencies?
- ▶ What will be the business structure and why?

Products and Services

- ▶ Describe your products and or services
- ▶ Focus on benefits rather than features
- ▶ Identify your competitive advantages
- ▶ Pricing strategy, fees and leasing plans
- ▶ Describe why customers will buy from you
- ▶ Provide brand names, trademarks, proprietary features

Elements of a Marketing Plan

- ▶ Competitive Analysis
 - ▶ Compare the competition for:
 - ▶ Features/benefits of offering
 - ▶ Pricing strategy
 - ▶ Service / Sales Size
 - ▶ Marketing strategy
 - ▶ Business model/efficiency
 - ▶ Suppliers
- ▶ Marketing, Advertising, Segmenting, Positioning
- ▶ Target Marketing - Market specialization or “targeting” is making decisions about which market segment(s) is most worthy of investment for development. Because ‘everyone’ is not your customer!
- ▶ Data Research (PLS; DOC www.okstartup.com – select “Data & Research” for demographic info by county; Chambers; sba.gov, etc)
- ▶ Marketing Tools and Methods

Operational Plan & Management

- ▶ Space/equipment and working capital required
- ▶ Organizational structure and chart
- ▶ SOP's & Policies
- ▶ Compensation and/or employee ownership
- ▶ Labor force and plans for future staff

Financials

- ▶ Start-up Costs
- ▶ Operating Expenses
- ▶ Profit and Loss projections (3 years existing or projected)
- ▶ Cash Flow Statement, Balance Sheet, Income Statement, Break Even Analysis
- ▶ Summary of financial needs
- ▶ Sources and uses of funds (amount of money sought, use of proceeds, funding history, funding references)
- ▶ Pricing and Deal Structure (including terms and payback)

Getting Help

- ▶ Professional Advisors: Lawyer, Accountant, Financial Advisor, Banker, Insurance Agent
- ▶ Other training and support – SCORE, REI WBC, OSBDC, Moore Norman Tech Center, PLS, MLS, Chambers, OTC, IRS, etc.
- ▶ www.business.gov - General business reference site from U.S. govt.
- ▶ www.okcommerce.gov - Oklahoma Dept. of Commerce
- ▶ www.okstartup.com - New Commerce site for startups
- ▶ <http://smallbusiness.findlaw.com/business-structures/> - Tutorial on small business legal structure

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