

## **Lecture: Creation of an enterprise- Part III- Phase III: Creating a business plan**

A business plan is a written document that describes in detail how a business—usually a [startup](#)—defines its objectives and how it is to go about achieving its goals. A business plan lays out a written roadmap for the firm from [marketing](#), financial, and operational standpoints.

### **- Types of Business Plans**

Business plans help companies identify their objectives and remain on track. They can help companies start and manage themselves, and to help grow after they're up and running. They also act as a means to get people to work with and invest in the business.

Although there are no right or wrong business plans, they can fall into two different categories—traditional or lean startup. According to the [Small Business Administration](#), the **traditional business plan** is the most common. They are standard, with much more detail in each section. These tend to be much longer and require a lot more work.

**Lean startup business plans**, on the other hand, use a standard structure even though they aren't as common in the business world. These business plans are short—as short as one page—and have very little detail. If a company uses this kind of plan, they should expect to provide more detail if an investor or lender requests it.

### **- Importance of Creating a business plan:**

#### **Creating a business plan can**

- Help you discover any weaknesses in your business idea so you can address them before you open for business
- Identify business opportunities you may not have considered and plan how to take advantage of them
- Analyze the market and competition to strengthen your idea

- Give you a chance to plan strategies for dealing with potential challenges so they don't derail your startup
- Convince potential partners, customers and key employees that you're serious about your idea and persuade them to work with you
- Force you to calculate when your business will make a profit and how much money you need to reach that point, so you can be prepared with adequate startup capital
- Determine your target market and how to reach them

#### - **Elements of a Business Plan**

The length of the business plan varies greatly from business-to-business. All of the information should fit into a 15- to 20-page document. If there are crucial elements of the business plan that take up a lot of space—such as applications for patents—they should be referenced in the main plan and included as appendices.

No two business plans are the same. But they all have the same elements. Below are some of the common and key parts of a business plan.

- **Executive summary:** This section outlines the company and includes the [mission statement](#) along with any information about the company's leadership, employees, operations, and location.
- **Products and services:** Here, the company can outline the products and services it will offer, and may also include pricing, product lifespan, and benefits to the consumer. Other factors that may go into this section include production and manufacturing processes, any [patents](#) the company may have, as well as [proprietary technology](#). Any information about research and development (R&D) can also be included here.
- **Market analysis:** A [firm](#) needs a good handle of the industry as well as its target market. It will outline who the competition is and how it factors in the industry, along with its strengths and weaknesses. It will also describe the expected consumer demand for what the businesses is selling and how easy or difficult it may be to grab market share from incumbents.
- **Marketing strategy:** This area describes how the company will attract and keep its customer base and how it intends to reach the consumer. This means a clear distribution

channel must be outlined. It will also spell out advertising and marketing campaign plans and through what types of media those campaigns will exist on.

- **Financial planning:** In order to attract the party reading the business plan, the company should include its [financial planning](#) and future projections. Financial statements, balance sheets, and other financial information may be included for already-established businesses. New businesses will instead include targets and estimates for the first few years of the business and any potential investors.
- **Budget:** Any good company needs to have a [budget](#) in place. This includes costs related to staffing, development, manufacturing, marketing, and any other expenses related to the business.