

# BUSINESS PLAN I

## WHY DO I NEED A BUSINESS PLAN AND WHO WILL USE IT?

### CHECKLIST OF QUESTIONS TO ANSWER:

#### 1. What is my ultimate purpose in starting/running this business?

- Regular paycheck
- Building and leaving a legacy
- Investment
- Hobby

#### 2. Have I developed an employment plan?

- Go public – sell shares in the company to the public.
- Franchise – sell concept to others to replicate.
- Merger or Acquisition – purchased by or joined with another existing company.
- Sell or Buy-Out – purchased by individuals (within or outside the business).
- Bequeath – hand down company to next generation.
- Close – end operations.

#### 3. How can a business plan help me?

- Organize my thoughts, plans, and vision.
- Clarify goals, focus energy, direct work, measure progress.
- Learn about my industry, my customers, and the marketplace.
- Gain control over my business.
- Obtain a competitive edge. Improve performance by identify strengths, weaknesses, opportunities, and threats (SWOT).
- Communicate expectations, priorities, goals, and strategies to management, staff, customers, and investors. Can become a tool to educate, motivate, measure, etc.

#### **A Business Plan Can Help Me To:**

- Make the crucial decisions that focus my activities and maximize my resources.
- Understand the financial aspects of my business, including cash flow and break-even requirements.
- Gather crucial industry and marketing information.
- Anticipate and avoid obstacles my business is likely to encounter.
- Set specific goals and measurements to assess progress over time.
- Expand in new and increasingly profitable directions.
- Be more persuasive to funding sources.

Rhonda Abrams (page xxxiv), *The Successful Business Plan: Secrets and Strategies*

#### 4. Who will be using/reading this business plan?

- Internal Users (guide the short and long-term efforts of the business)
  - Myself (and partners if applicable)
  - Management
  - Key employees (please see Human Resource/Labor)
- External Users (i.e. the professional members of my business support team)
  - Lenders, investors, venture capitalists (please see Lending)
  - Attorney
  - Accountant
  - Insurance agent (please see Insurance)



# BUSINESS PLAN II

## WHAT ARE THE COMPONENTS OF A GOOD BUSINESS PLAN?

### CHECKLIST OF QUESTIONS TO ANSWER:

#### 1. Executive Summary – a 1-2 page summary describing my business

- Description of overall business concept including mission statement or concise statement of company purpose and company history (if applicable).
- Product(s) and/or service(s) and strategies for production/provision of such.
- Nature and extent of market including capacity and competition.
- Competitive advantages and distinctions my business has – especially with respect to competitors.
- Management's expertise and business capabilities.
- Realistic financial projections including:
  - What it will take to make a profit (i.e. break-even analysis).
  - How much money am I seeking? What is my repayment plan (if applicable)?

#### 2. Purpose of the Business

- What I want to accomplish
- Mission statement
- Description of the business including type of legal entity

#### 3. Definition of Product(s) and/or Service(s)

- A complete description of my product(s) and/or service(s).
- The market that needs my product(s) and/or service(s).
- The cost and profit of each product and/or service. Describe the break-even point.
- The major sources of competition. What is the difference between my product/service and those of the competition?
- The legal and regulatory influences affecting my product or service.
- Proprietary features – should my product or service have a patent or trademark?
- Opportunities to better develop my product or service (research & development).

#### **Business Concept: Does my business incorporate at least one of these elements?**

- Something new (e.g. product, service, feature, or technology)?
- Something better (i.e. an improvement on an existing product or service)?
- An underserved or new market (a market for which there is greater demand than competitors can currently satisfy, an unserved location, or a small part of an overall market that hasn't yet been dominated by other competitors)?
- A new delivery system or distribution channel (e.g. providing products or services less expensively or more efficiently to a wider geographic area or which far greater choice)
- Increased integration (product is both created and sold by the same company or when a company offers more services or products in one location)
  - Rhonda Abrams (page 2), [The Successful Business Plan: Secrets and Strategies](#)



#### **4. Market Analysis & Strategy (please see Marketing Plan for more detail)**

- Market research – size of the market and how long has it existed, industry trends, strategic opportunities, barriers to entry and growth, market maturity, competition and ease of entry, the Four P's (product, price, place, promotion) for my business as well as key competitors.
- Target market – who will buy my product or service and what is the best way to reach them?
- Sales and distribution - where and when will most of my sales occur? How much do I expect to sell? What distribution channels will I use?
- Regulatory environment - what regulations, licenses, and certifications are associated with this type of business?
- Financial standards - what are the financial standards associated with this business (e.g. markups, commissions, return on sales, slotting fees, pricing strategies, etc.)?

#### **5. Organization, Management, & Staffing (please see Human Resource)**

- What is the organizational structure of my business and who are the key employees/principals, board, advisory committee, consultants and other specialists, and/or key management personnel?
- What management skills are available in-house or need to be added?
- What professional services are available in-house or need to be hired/contracted?
- What technical or specialty services are available in-house or need to be hired/contracted?
- What management compensation and incentives are available?

#### **6. Milestones**

- What are the critical dates in the development and operation of this business?
- What are my short-term goals? What are the long-term goals can I project?
- What are the barriers or risks? What are potential solutions?

#### **7. Financial Information**

- Start-up and operating expenses. What resources do I need to start the business? What resources do I need to keep the doors open each day?
- Funding needs – If additional funds are needed, how much, when, and what is the payback plan?
- Financial statements (balance sheet, cash-flow projections, income statement, sources and uses of funds, break-even analysis).
- Financial reporting – What methods of financial reporting I will use?

#### **8. Operations and Implementation**

- Facilities, production, inventory control, quality control, capacity, productivity, labor, processes, equipment (owned, to be purchased), supply and distribution, order fulfillment and customer service, research and development, financial control, contingency planning.
- Technology plan – software, hardware (equipment, machinery, computers, etc.), telecommunications, personnel.
- What are the operational issues that
  - Are essential to the nature and success of my company,
  - Provide me with a distinct competitive edge, and/or
  - Overcome frequent problems in businesses like mine?



***Special thanks for their contributions:***

- Rhonda Abrams, The Planning Shop, Palo Alto, California
- Adapted from *The Successful Business Plans: Secrets and Strategies* by Rhonda Abrams. 2003  
The Planning Shop. Palo Alto, California
- Phil Doub, Director of Wine Marketing Program at California Polytechnic State University,  
San Luis Obispo, California
- Susan Pheasant, Pheasant Projects, Inc., Wenatchee, Washington



# FINAL CHECKLIST AND RESOURCES

## CHECKLIST BEFORE I MAKE MY BUSINESS PLAN “PUBLIC”

1. **Are my facts correct? Are they attributable to a reputable source?**
2. **Is my plan concise and comprehensive? (Twenty pages are typically sufficient.)**
3. **Does my plan include projections for the next three to five years or until I have reached my anticipated exit strategy, whichever is earlier.**
  - Have I included monthly financials for the first year or two?
  - Have I included quarterlies and/or annual financials for the remaining years?
  - If my business already exists, have I included historical performance information for the past five years (or the duration of my business if less than five years)?
4. **Have I used straightforward language that conveys the impression that I am capable, knowledgeable, and prudent?**
  - Does my plan convey realistic optimism and businesslike enthusiasm about my prospects?
    - Factual descriptions
    - Specific information
    - Positive comments/testimonials from third-party sources
    - Industry-specific terminology and appropriate basic business terms
    - Numerical data
    - Financials
5. **Have I incorporated visual tools such as graphs, charts, photographs (appendix only), and/or illustrations to explain concepts and highlight key concepts?**

## DEFINITIONS/EXPLANATIONS

Definitions and key explanations can be accessed via on-line resources such as:

- Small Business Dictionary  
<http://www.small-business-dictionary.org/>
- Glossary of key business terms provided by the Kaufman Foundation's Entreworld.org  
<http://www.entreworld.org/Content/Glossary.cfm?Keywords=All>

## RESOURCES

- Abrams, Rhonda. 2003. [The Successful Business Plan: Secrets and Strategies](#)
- The Planning Shop.  
<http://www.PlanningShop.com>
- Small Business Administration  
<http://www.sba.gov>
- Association of Small Business Development Centers  
<http://www.asbdc-us.org>
- WSU Center for Entrepreneurial Studies (including business plan review service)  
[www.cbe.wsu.edu/%7Eentrep/](http://www.cbe.wsu.edu/%7Eentrep/)



*Washington Guide to Sustainable Viticulture*

- Austin Family Business Program at Oregon State University  
<http://www.familybusinessonline.org>
- The Wall Street Journal's Center for Entrepreneurs  
<http://www.startupjournal.com>
- EntreWorld  
<http://www.entreworld.org>
- USDA Rural Development  
<http://www.rurdev.usda.gov/rbs/>

***Special thanks for their contributions:***

- Rhonda Abrams, The Planning Shop, Palo Alto, California
- Adapted from *The Successful Business Plans: Secrets and Strategies* by Rhonda Abrams. 2003  
The Planning Shop, Palo Alto, California
- Phil Doub, Director of Wine Marketing Program at California Polytechnic State University, San Luis Obispo, California
- Susan Pheasant, Pheasant Projects, Inc., Wenatchee, Washington



*Washington Guide to Sustainable Viticulture*

This document provided by the Washington Wine Industry Foundation's "Risk Management Education Program for the Northwest Grape Industry" — a USDA-RMA Partnership. For questions about VineWise, please contact the Washington Association of Wine Grape Growers at 1-877-88WAWGG (1-877-8892994) or email [vinewise@wawgg.org](mailto:vinewise@wawgg.org).