

Writing a plan for a successful business

Many thriving businesses begin with someone's great idea for a product or service. While that first inspiration is critical to any successful company, it's also necessary to have a solid roadmap for the future. That's why every company whether they are start-ups or long-standing operations--ought to have a business plan, a document that charts where your business stands today and where you plan to go.

The Value to You

There are two important reasons to have a business plan. First, it's a great way for you to organize your thinking about your company and to take a hard look at its strengths and weaknesses. Many owners are so caught up in the day-to-day operation of the business that they never have a chance to do any long-range planning. A business plan offers you the chance to step back and get a big-picture view of your company's situation.

In addition, a business plan is a necessity if you would like to get a bank loan or attract investment dollars. Both lenders and investors will demand the kind of detailed information available in a business plan.

The Financial Statement

Your company's financial statements are probably the most important element of your business plan. They provide the information necessary to make key decisions and they offer lenders or interested investors crucial details about the company's financial health and prospects. A plan for an existing business would include historical financial statements that illustrate the company's economic situation. Both existing companies and start-ups should include prospective financial statements, as well. These documents provide an educated guess about what you expect your income statement, balance sheet and cash flow and expenditures will look like over the next several years.

Key Details

Another important element of any business plan is the description of your company. It doesn't have to be lengthy, but it should sum up what the company does or manufactures, what needs it meets in the marketplace and how your business will be able to produce its product. You should discuss particular assets that will contribute to your company's success, such as a great location, personnel who are experts in the field, a unique product or service or existing strong relationships with potential customers. In general, you are answering these crucial questions: What kind of company is it? Why will it be a success? Why should you be a potential investor in the business?

The Market Analysis

Another critical section of any business plan is the market analysis. This is where you describe the industry in which your business will operate, identify the target market for your goods or services and assess your competition. The section should also

cover any market tests you have done, which might include any contact you have had with potential customers, product demonstrations you might have done for them and what kind of response you received. This exercise can clarify your thinking about your company's place in the market and help you become more competitive. It also shows potential investors or lenders whether you can thrive in your target market.

Peter Deng & Associates, a leading tax, accounting, and business consulting firm in twin cities to serve minority businesses, can help you with all your financial questions. We can supply you with the financial statements you need to manage your company and can help you create a winning business plan.