

## **The importance of a business plan**

A business plan is a document that should be created to detail the present and future operations of your business. The goal is to outline the objectives of the business and the means of achieving these objectives. Many entrepreneurs create a business without creating a business plan as they may not see the advantage of creating a business plan. Anyone can create a small business but with the right planning it can be a successful venture and maybe develop into an enterprise or a corporation.

Some advantage of creating a business plan is that it outlines the written goal and objectives of the business so that investors, business accelerators and incubators, suppliers, potential partners, and financial institutions can invest and provide you with financial support. It of the business to systematically think through each aspect of their new venture as what is required to start the business, growth of the business and the future operations of the business.

Whether it is a small or develop business the business plan is always important to keep track of your business growth and progress within its operations. When investors are interested in your business, they would ask for your business plan. It outlines your past operations, your growth, and your future operations. Other details such as your financial information would be included. These would be your investments within the business operations, your yearly returns, your debts, and your monthly / yearly profits. Without these investors would be hesitant to invest in your business for many reasons such as future uncertainty. No one likes to make an investment that would guarantee a lost. An investment within a business venture should be something that brings you benefit.

A business plan helps keep track of your business growth. As an entrepreneur you would have many ideas and goals for your business. The business plan helps organize these

goals for your business. It keeps track of where you started and how far you have progressed. It indicated what else can be done and the business plan can be modified anytime to adjust to every changing economy. Some aspects that should include in your business plan are:

- Executive Summary
- Company Description
- Industry Analysis
- Market Analysis
- Operations Plan
- Product (or Service) Design and Development Plan
- Financial Projections

These aspects of the business are important not only for the entrepreneurs but also the business accelerators and incubators, suppliers, potential partners, and others. When entering a partnership with a business, these potential clients / prospective investors would like to know what they are getting themselves into. The business plan also helps a new company build credibility to these prospective investors/ clients. The management team and employees would understand what the business plan and the way forward. Everyone in the organization would have one objective. The business plan also indicated the operations of the business in case of an emergency. An example is the loss/ steady decline of customers, loss of profitability, new competitions within the economy and the creation of new products within the market.

### **Industry Analysis**

When starting a business an entrepreneur should remember as easy as it starts is as easy it can end. The industry analysis identifies the type of industry the company operates within. Its analysis the company position within the industry compared to relative companies

that product similar products or services. The industry analysis helps a business identify the threats and opportunities that the business encounters and help the management team think of ways to deal with these threats and opportunities. As the economy is always changing it is important to know what opportunities are available for growth and what threats are present which can reduce your business operations. The goal of the industry analysis is to find the differentiation between you and the competition. After comparing the findings, the management team can find a way to move forward with the company operations.

### **Market Analysis**

The market analysis helps a business to identify what type of market the company would be operating within the economy. It identifies the target market, various customer segments and buying patterns, the competition, and the economic environment in terms of barriers to entry and regulation. All of these are important when starting a business as the entrepreneur and management team need to know who their potential customers and their behavioral partners are to move forward with growth and development within the business. Some small companies fail as they do not understand or know their customers. They would tend to make decisions that may lead to a down fall within the company. Therefore, conducting market research within the company is important when starting a company or a new product line. Market research identifies the potential market and the need for your product within that market.

### **Operations Plan**

The operation plan within a business plan identifies what operations they business would be conducting and who would oversee these operations. It details your potential management team and their prospective roles. Each business should have an operational plan as it also details how the company allocates its budget. The potential departments that should

be within a small business is the marketing department, human resource department, finance department and production department. These department varies depending on the type of business. They would outline possible task and roles these departments need to complete within the company. The operational plan identifies the daily activities that would be required in operation the business.

In conclusion there are many benefits of having a business plan. It helps the entrepreneur think of possible outcomes, be prepared for possible outcomes and analysis the industry and market that the company is operating within. While a business plan is essential to entrepreneurship, not every entrepreneur sees the need for one. Many businesses are reluctant to have their plan written down as they may not have the knowledge, the cost and does not see the need for a business plan. Many business funding experts such as investors and banks support the idea and require a business plan to invest within a business. An excellent business idea can be useless if you cannot formulate, execute, and implement a strategic plan to make your business idea work. When an entrepreneur would like to raise funds from institutional investors and lenders, keep in mind that having a good business plan is extremely valuable. You should aim to have a well-documented plan that speaks for itself. It needs to be clear and easy to read and understand. Remember a business plan is what makes a business idea comes to life.

**Ezannas Moses-** A graduate student in Technical Management of DeVry University- Small Business Management and Entrepreneurship. There are many challenges that we encounter in life, but we must always persevere and conquer these challenges. We all have a goal we want to accomplish, a future we hope to obtain and a choice to be made. The path may not always be laid out for us, but is what you do next, is what matters the most in life. Always pursue your goals, as there are no greater rewards than self-fulfillment and personal development.