

Identifying Your Potential & Business Planning

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Determining the Feasibility of Your Business Idea

www.missouribusiness.net

The screenshot shows the Missouri Business Development Program website in a Windows Internet Explorer browser window. The address bar displays <http://www.missouribusiness.net/>. The browser's menu bar includes File, Edit, View, Favorites, Tools, and Help. The address bar also shows a search box with the text "Google".

The website header features the Missouri Business Development Program logo on the left and a navigation menu on the right with links for Missouri Business Development Program, Resource Library, Calendar, News, Small Business, Selling to the Government, SBIR/STTR, Career Options, Environmental, and Film Office. The date "Monday, December 22, 2008" is displayed on the right. A search box with "Google Custom Search" and a "Search" button is located below the navigation menu.

The main content area is divided into several sections:

- Business assistance:** Includes links for "Sign up for services" and "Find a center near you". Below this, it describes the Missouri Small Business Development Centers (MO SBDC) and provides links for "Start a Business", "Existing Business Resources", and "Find a center near you". It also mentions "Selling to the government Missouri Procurement Technical Assistance Centers (MO PTAC)" and "Technology assistance Missouri Small Business &".
- What's new?:** Features a "Jump start learning" section with the text "Get a jump start on your entrepreneurial dream! Find answers to your often asked questions in these free jump start modules:" and two images with links: "Why do I need a business plan and how do I write one?" and "How do I close a business?". Below these images is a link for "More Jump Start Learning Modules".
- Newsletter:** Includes a "Sign up for our Email Newsletter" form with a "GO" button and a link for "View current issue".
- Featured entrepreneur:** Highlights "LaBARGE Products Inc., St. Louis, MO" and features a photo of Charlie LaBarge, founder of LaBARGE Products, with a caption "Charlie LaBarge, founder of LaBARGE Products".

The browser's status bar at the bottom shows the URL <http://www.missouribusiness.net/ptac/success/labarge.asp>, the page title "Internet | Protected Mode: On", and the zoom level "100%". The Windows taskbar at the very bottom shows the system tray with the time "1:41 PM".

Determining the Feasibility of Your Business Idea

<http://www.missouribusiness.net/docs/evalbus.pdf>

The screenshot shows a Windows Internet Explorer browser window. The address bar displays the URL <http://www.missouribusiness.net/docs/evalbus.pdf>. The browser's menu bar includes File, Edit, Go To, Favorites, and Help. The toolbar shows various navigation and utility icons. A pink banner at the top of the document area reads: "Please fill out the following form. You can save data typed into this form." Below this banner is a "Pages" sidebar on the left, showing a thumbnail of the document with a red box around the first page. The main content area displays the document's title "Evaluating Your Business Idea" and the date "December 22, 2008". The text explains that the document is a checklist to help evaluate a business idea. It includes two numbered instructions: 1. Describe what you are selling and how it will benefit your customers. Explain how your product or service is different from the competition. Answer the question, "Why will people buy from me?" 2. Briefly describe your management/technical experience with your product/service. The browser's status bar at the bottom shows "Unknown Zone | Protected Mode: On" and the system tray at the very bottom shows the date and time as 1:44 PM.

December 22, 2008

Evaluating Your Business Idea

These questions will help you and your business advisor examine your business idea and determine your potential for success before you spend time and money developing a business plan. Your responses will provide insight into your market, competitors, start-up costs, sales, expenses, and financing needs. Your honest answers will help identify areas of strength and concern. They will also help determine if you are ready to take the next step or need to re-evaluate your business idea. This is only a beginning and should not be considered as the final word when determining the feasibility of a new business venture.

By working through this relatively short checklist, you will be able to determine if your idea has the potential to create a successful business. The question you are attempting to answer is "Can my business sell enough products or services to make enough of a profit to be successful?" You will then be able to make an educated decision about going ahead as you planned or making some critical changes to allow you to reach your goals.

1. Describe what you are selling and how it will benefit your customers. Explain how your product or service is different from the competition. Answer the question, "Why will people buy from me?"
2. Briefly describe your management/technical experience with your product/service:



Determining the Feasibility of Your Business Idea

- **Understand your product or service**
- **Understand your customer & market**
- **Understand your skill set & what it will take to successfully manage the business**
- **Financial projections**

Why Small Businesses Fail?

- **Inadequate front-end planning**
- **Insufficient capital for start-up and back-up**
- **Inexperienced management**

A business plan helps address all of the causes of business failure!



Why is the Business Plan Important?

- 1. Obtain Financing**
- 2. Planning**
- 3. Communication**
- 4. Promotion/ Marketing**
- 5. Education**

Who Needs a Business Plan?

- ◆ **Business Owners**
- ◆ **Lending Institutions**
- ◆ **Others**





What's in the Business Plan....



Cover Sheet

Table of Contents

Executive Summary

1. Business Description

2. Customer & Market Description

3. Management and Organizational Plan

4. Financial Plan

Supporting Documents

1. Business Description

- ✓ **Company name**
- ✓ **Products/ services**
- ✓ **Business concept**
- ✓ **History, present status, and future plans**
- ✓ **Legal structure**
- ✓ **Location**

2. Customer & Market Description

- ✓ **Market research/ Industry analysis**
- ✓ **Customer base**
- ✓ **Competition**
- ✓ **Pricing strategy**
- ✓ **Advertising/promotional plan**
- ✓ **Sales potential**
- ✓ **Features & benefits of product/service**
- ✓ **Distribution plan**

3. Management & Organizational Plan

- ✓ **Management team**
- ✓ **Organizational roles & responsibilities**
- ✓ **Board of directors/ advisory council**
- ✓ **Personnel requirements**
- ✓ **Employee incentives**
- ✓ **Outside professional services used**
- ✓ **Owner and manager compensation**

4. Financial Plan

- ✓ **Financial needs**
- ✓ **Revenue & cost assumptions**
- ✓ **Projected financial statements**
 - ✓ **Income statement**
 - ✓ **Balance sheet**
 - ✓ **Cash flow statement**
- ✓ **Break-even analysis & ratios**





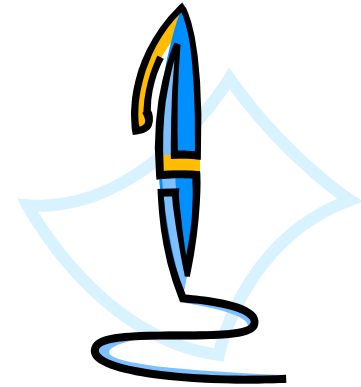
Executive Summary:



- ✓ **Brief overview of business strategy**
- ✓ **List of owners & other key people**
- ✓ **Business structure**
- ✓ **What the company does**
- ✓ **Company objectives**
- ✓ **Why you'll be successful**
- ✓ **What you're asking for**

Writing Styles and Tools

- **Complete Information**
- **Accuracy**
- **Check math & spelling**
- **Simple & Direct**
- **Proof your work**



Language

- ◆ **Be “realistically” optimistic**
- ◆ **Provide specifics and facts**
- ◆ **Don’t be flamboyant**
- ◆ **Use appropriate business terms**
- ◆ **Explain unique industry terms**
- ◆ **No acronyms or slang words**
- ◆ **Write in third person**

Appearance

- ◆ **Format**
 - **Numbers for impact**
 - **Bullet points for focus**
 - **White space**
- ◆ **Type/ Font**
 - **Serif versus San Serif**
 - **No more than 2 type faces**
 - **12pt. minimum**

Appearance

- ◆ **ALL CAPITAL LETTERS ARE A NO-NO**
- ◆ **Page Numbers**
 - **Number and date all pages**
- ◆ **Printing**
 - **Laser quality**
 - **Bind so document can lay flat**
- ◆ **Cover should convey quality**



Length



- ◆ **Depends on complexity of business & amount of financing needed**
 - **Usually between 15 – 30 pages**



Remember the Purpose



- ◆ **Remember what readers want to know:**
 - **Is your business solid?**
 - **Is there sufficient market?**
 - **Are financial projections healthy?**



Where to Start?



- ◆ **Create an outline with what you know**
 - Add charts & graphs
- ◆ **Research what's missing**
- ◆ **Write the formal plan**
 - Complete sentences
 - Focus on results not methods
- ◆ **Review examples if possible**



Tools and Resources: Other SBTDC Services



One-on-One Consulting

**Other Training Seminars in the areas of Business Planning,
Finance, Human Resources, Marketing, Strategic
Planning,**

Business Structure & International Trade

Small Business Resource Library

Trademark Searches

SMART (Strategic Management Assessment Review Tool)

Financial Analysis Tools

Marketing Surveys