

NEW BUSINESS PLANNING CHALLENGES

So . . . you want to start your own business. Brace yourself for the hidden perils of entrepreneurship because first time business owners face a host of problems when they find themselves out on their own for the first time . . . a whole new set of challenges present themselves:

- A major change in your life (and/or lifestyle) can bring unforeseen psychological challenges
- A new business owner can expect many insecurities and you must be able to cope with negative happenings and turn them to your advantage
- Responsibility to others compounds the stress of striking out on your own
- You must be prepared to work long hours, especially during your first year

Despite all of the unexpected problems, starting a business can be positive challenge and be made easier by keeping the following in mind:

- Get advice – talk to people who have successfully gone through the experience (and angst) of launching a business
- Write a Business Plan. This may help ward off feelings of self-doubt and fear of failure
- Know your own strengths and weaknesses
- Assess your values. If you are really clear about your goals and about what you really value, you will push your business in that direction
- Stay detached – remember, you are NOT your business; keep communication with your family open
- Try to achieve emotional equilibrium; be certain you are prepared for the highs and lows of running a business
- Have fun – despite the perils of start up, there is still plenty to enjoy.

THE FIVE STEPS TO BUSINESS SUCCESS

1. DEFINE YOUR PERSONAL VISION

- Personal and business success starts with a vision of who we are, what drives us, and what we want.
- Personal vision is the foundation that will give us guidance and direction in the conduct of our lives and business.
- Personal vision is a clear mental picture of what we want to be known for and where we want to be over the next several years

2. LIST YOUR PERSONAL GOALS

Guided by your personal vision, it is now time to write down the things you would like to achieve over the long run . . . for example:

- To be financially independent
- To control your own time
- To be able to choose with whom you work

3. DEFINE YOUR BUSINESS VISION

Armed with your personal vision and goals, you are ready to define how you will want people to perceive your business – your Business Vision. This vision / mission statement will evolve over time and will eventually be contained in the Management section of your plan . . . for example:

- To be a unique and caring restaurant
- To be a successful and growing company
- To make a profit by treating customers and employees with respect and dignity.

4. ESTABLISH BUSINESS GOALS

After you have thought about your business vision, it is time to jot down your business goals. Normally these have to do with finances because neither you nor your business can live without money. However, this is not always the case; some of your business goals could refer to, for instance, sales targets or customer satisfaction. Again, like personal goals, these business goals should be both longer term in nature and not be too specific . . . for example:

- To run a small, profitable flower shop
- To earn a decent return on your investment
- To take pride in what you do
- To satisfy the needs of your customers

5. LIST YOUR BUSINESS OBJECTIVES

Your business goals are longer term and general in nature; your business objectives are short term, specific and focused. The use of the **SMART** method – **S**pecific, **M**easurable, **A**chievable; **R**ealistic; and, **T**ime Framed – is suggested as a tool. Some examples of business objectives are:

- To withdraw \$50,000 in cash from the profits of the first year in business
- To generate 20 new customers per week for the first year in operation
- To launch the business by April 1, 2006
- To put into practice three new ideas for the business each week.

COMPLETING THE BUSINESS PLAN . . . INCLUDE THE FOLLOWING:

1. MARKETING RESEARCH

- Ensure that your personal business objectives jibe with one of the many opportunities in the market place
- Research and narrow the industry you are targeting until viable gaps appear
- Produce a customer profile by combining demographic (population) data with psychographic (picture of lifestyle) data
- Identify the heavy users of your product or service

2. CUSTOMER PROFILE

- Create a system for developing a customer profile
- Using your intuition to forecast what will happen in your industry
- Research the habits of your target customer

3. COMPETITION

- Use a test matrix to plot your competition.
- Demonstrate how you will create uniqueness for your product or service
- Show how you will minimize your competitors' strengths.
- Show how you will maximize your strengths

4. PROMOTION

- Show how you will communicate with your target market
- Demonstrate your promotional strategy
- What will be your promotion mix?

5. PRICING

- How important is pricing in your industry?
- What are the profit margins in your industry?
- If the industry exhibits rigid pricing, show how you will be able to make profitable sales

6. MARKETING SUMMARY

- Show how you will position your Business-Marketing strategy
- Develop a sales forecast for the first year

7. FINANCE

- Develop a cash flow forecast
- What will be your cash management strategies?
- Prepare projected profit and loss statements
- Analyze your projections by using ratios
- Relate your ratios to those in your industry.