

Writing Business Plans

11th Edition

Mike McKeever

Table of Contents

Preface – Setting the Stage	1
What Kind of Plan Do You Need?	1
Meet Antoinette	2
Getting Started	2
And a Few More Words	3
Chapter 1 – Benefits of Writing a Business Plan	5
Learning Objectives	5
What Is a Business Plan?	5
Why Write a Business Plan?	5
Helps You Get Money	5
Helps You Decide to Proceed or Stop	6
Lets You Improve Your Business Concept	6
Improves Your Odds of Success	6
Helps You Keep on Track	6
Issues Beyond the Plan	7
Bookkeeping and Accounting	7
Taxes	7
Securities Laws.....	7
Your Management Skill	7
Issues Specific to Your Business.....	7
Review Questions.....	8
Review Answers	9
Chapter 2 – Do You Really Want to Own a Business	10
Learning Objectives	10
Introduction.....	10
Self-Evaluation Exercises	11
Your Strong and Weak Points	11
General and Specific Skills Your Business Needs	12
Your Likes and Dislikes.....	13
Specific Business Goals.....	13
How to Use the Self-Evaluation Lists.....	13
Reality Check: Banker’s Analysis	13
Banker’s Ideal	13
Measuring Up to the Banker’s Ideal.....	14
Use the Banker’s Ideal.....	14
Review Questions.....	15
Review Answers	16
Chapter 3 – Choosing the Right Business	18
Learning Objectives	18
Introduction.....	18
Know Your Business	18
Be Sure You Like Your Business	19
Describe Your Business.....	20
Identify Your Type of Business.....	20
Problem Statement	21
Business Description	22
Taste, Trends, and Technology: How Will the Future Affect Your Business?	24
Taste	24

Table of Contents

Trends	25
Technology	25
Write a Future Trends Statement	26
Break-Even Analysis: Will Your Business Make Money?	27
Forecast Sales Revenue	28
Forecast Fixed Costs	31
Forecast Gross Profit for Each Sales Dollar	32
Forecast Your Break-Even Sales Revenue	33
What You Have Accomplished	37
Review Questions	38
Review Answers	39
Chapter 4 – Potential Sources of Money to Start or Expand Your Small Business.....	40
Learning Objectives	40
Introduction.....	40
Ways to Raise Money	40
Loans	40
Equity Investments.....	42
Loans and Equity Investments Compared	45
Common Money Sources to Start or Expand a Business	46
Money From Your Personal Savings	46
Friends, Relatives, and Business Acquaintances.....	47
Creative Cost Cutting.....	48
Equity in Other Assets.....	49
Supporters	49
Crowd Funding Online	49
Banks	50
Angels and Venture Capitalists	51
Now That You've Proven Yourself, How About Expanding?	52
Trade Credit.....	52
Commercial Banks.....	52
Equipment Leasing Companies.....	53
Accounts Receivable Factoring Companies	53
Venture Capitalists.....	53
Money Brokers and Finders	53
If No One Will Finance Your Business, Try Again	54
Secondary Sources of Financing for Start-Ups or Expansions	54
Small Business Administration	54
Small Business Investment Companies (SBICs).....	55
USDA Rural Development.....	55
Economic Development Administration (EDA).....	55
Federal, State, and Local Programs	56
Overseas Private Investment Corporation (OPIC)	56
Insurance Companies and Pension Funds	56
Advertising Your Project and Selling Stock to the General Public	56
Conclusion.....	56
Review Questions	57
Review Answers	58
Chapter 5 – Your Résumé and Financial Statement	60
Learning Objectives	60
Introduction.....	60
Draft Your Business Accomplishment Résumé.....	60
Draft Your Personal Financial Statement.....	66
Determine Your Assets	67

Table of Contents

Determine Your Liabilities	71
Determine Your Net Worth.....	74
Determine Your Annual Income	74
Determine Your Annual Living Expenses.....	77
Complete Your Personal Financial Statement	79
Verifying the Accuracy of Your Financial Statement.....	80
Review Questions.....	81
Review Answers	82
Chapter 6 – Your Profit and Loss Forecast.....	83
Learning Objectives	83
Introduction.....	83
What Is a Profit and Loss Forecast?.....	83
Determine Your Average Cost of Sales.....	84
Complete Your Profit and Loss Forecast	87
Review Your Profit and Loss Forecast.....	95
Your Profit and Loss Forecast and Income Tax Return.....	96
Review Questions.....	98
Review Answers	99
Chapter 7 – Your Cash Flow Loss Forecast and Capital Spending Plan	101
Learning Objectives	101
Introduction.....	101
Prepare Your Capital Spending Plan.....	103
Prepare Your Cash Flow Forecast	104
Required Investment for Your Business	111
Check for Trouble	112
Antoinette’s Inventory Problem.....	112
Typical Problems Retailers Face.....	113
Review Questions.....	115
Review Answers	116
Chapter 8 – Write Your Marketing and Personnel Plans.....	118
Learning Objectives	118
Introduction.....	118
Marketing Plan.....	118
Review Chapter 3 Work	118
Competition Analysis	119
Differentiate Your Business From the Competition	119
Describe Your Target Customer.....	120
Decide How to Reach Customers.....	121
Create a Marketing Budget	122
Write Your Marketing Plan	123
Discuss the Risks Facing Your Business.....	124
Personnel Plan	126
Analyze Your Business Personality	126
Write Your Staffing Schedule	127
Write Job Descriptions	127
Write Your Personnel Plan.....	128
Review Questions.....	130
Review Answers	131

Table of Contents

Chapter 9 – Editing and Finalizing Your Business Plan	132
Learning Objectives	132
Introduction.....	132
Decide How to Organize Your Plan.....	132
Quick Plan (One-Day Plan)—Suggested Outline	132
Complete Plan—Suggested Outline	133
Write Final Portions of Your Plan	133
Write Your Plan Summary.....	133
Section Introductions	136
Personal Goal Statement.....	137
Create the Appendix	138
Create Title Page and Table of Contents.....	138
Complete Your Final Edit	139
Let Your Plan Rest.....	139
Final Details.....	139
Consider Using a Business Consultant.....	140
Review Questions.....	141
Review Answers	142
Chapter 10 – Selling Your Business Plan.....	144
Learning Objectives	144
How to Ask for the Money You Need.....	144
Write a Telephone Pitch.....	144
Telephone for Appointments	144
Meet Your Backers	144
Ask for the Money	145
Leave Your Plan With Your Backer	145
Follow Up	146
How to Approach Different Backers.....	146
Friends and Relatives	146
Business Acquaintances	146
Supporters.....	146
Banks	147
Equity Investors (Venture Capitalists).....	147
Government Agencies.....	148
What to Do When Someone Says “Yes”	148
Plan in Advance for Legal Details.....	149
Loans	149
Equity Investments.....	150
Review Questions.....	151
Review Answers	152
Chapter 11 – After You Open—Keeping on the Path to Success	153
Learning Objectives	153
Introduction.....	153
Watch Out for Problem Areas	153
It’s Lonely at the Top.....	153
Anticipate Problems Before They Arise	154
You May Be the Problem and Not the Solution.....	154
Plan Beyond Opening Day.....	155
Know When You’ve Succeeded—Or Failed	155
Prepare for Success	156
Getting Out of Business	157
Lock the Doors and Leave	157

Table of Contents

Sell the Business	157
Close the Business and Negotiate With Your Creditors	157
Hold a Going Out of Business Sale	158
Declare Bankruptcy.....	158
Review Questions.....	159
Review Answers	160
Chapter 12 – Good Resources for Small Businesses	162
Learning Objectives	162
Introduction.....	162
Business Consultants	162
SBA/SCORE.....	163
State and Local Agencies.....	163
Private Consultants.....	163
Books	164
Background Books.....	164
Choosing a Business	164
Finding Money	165
Marketing/Advertising	165
Personnel	166
Business Location.....	166
Corporations, Partnerships, and Legal Matters.....	166
Women in Business	167
General Business	168
Pamphlets	168
Magazines—Continuing Small Business Help	168
Computers and Business	168
How Will You Use a Computer?	169
What Software Do You Need?	169
How Much Computer Do You Need—And How Much Can You Afford?.....	169
PC or Mac?.....	170
Where Should You Buy a Computer and Software?	170
Online Business Resources	171
Should You Go Broadband?	171
Using Search Engines.....	171
Business-Oriented Websites.....	171
Conferences and Newsgroups	171
Formal Education.....	172
Review Questions.....	174
Review Answers	176
Appendix A – Business Plan for a Small Service Business	179
Appendix B – Business Plan for a Manufacturing Business.....	189
Appendix C – Business Plan for Project Development.....	201
Appendix D – How to Use the Interactive Forms	209
Glossary.....	211
Index	215