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## **New Year, New (Business) Plan**

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Writing a business plan is a daunting process to many entrepreneurs, but one that will help find financing and keep a new or existing business on budget and on schedule for growth and development. And it's worth it — studies show that business owners without a formal plan are three times more likely to close their doors.

A plan can clarify how much money is needed to open a business and help the owner determine where to find capital — whether from a bank or relative — to keep it running. Established businesses are in equal need of a plan in order to stay on track or to make crucial changes, particularly with the state of the economy in mind.

Business plans are from 15 to 150 pages long. Any business plan should contain the following:

**Executive summary:** A precise and persuasive plan will condense the business concept into a statement that includes intentions and requirements of the business, either new or established.

**Business description and/or history:** This describes in detail the business concept — and in the case of existing businesses, successes and anticipated milestones.

**Product or service description:** Business owners and startups often can find financing more easily with a full description of the product or service line of the business; why it differs from similar products; and its competitive advantages.

**Market analysis and approach:** Business owners must be familiar with the market and customer base for the product or service and include a description of the industry, trends and expected growth. This section should include an owner's plans for reaching potential buyers through marketing — for instance, through websites, social-networking sites, traditional advertising or through outside sales representatives. Seasonal or cyclical changes in product demand should be addressed.

**Competition:** Owners and investors will gain insight into the company's unique strengths with a description of how the business differs from the competition and a realistic assessment of the strengths and weaknesses of similar ventures.

**Operating plan:** This is a description of the facilities, employees, manufacturing or business processes, contractors and suppliers, technology and skills needed to deliver the product. Also included here is a detailed description of the manufacturing process and capacity.

**Key personnel:** Employees who will bring specialized skills to the business; a list of their contributions and qualifications; and the position or job title that they will or do hold is critical to analyzing the venture and preparing for potential employee losses.

**Financial analysis:** This should factor in business costs, the state of the industry and the general economy in order to predict the business' financial situation in five years. It should contain profit and loss or income statements; balance sheets; cash budgets; and key ratios.

Prospective entrepreneurs and business owners can get free help writing business plans from the nearest Small Business Development Center. The centers offer one-on-one consultation as well as workshops and classes. Visit [www.nmsbdc.org](http://www.nmsbdc.org) for more information.

*Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC) and its partners to assist individuals and businesses in obtaining skills and funding-resources for their business or idea. To learn more, go to [www.FinanceNewMexico.org](http://www.FinanceNewMexico.org).*

