

Five reasons why you need a business plan: SBEC

You've developed a great idea and now you're ready to take the next step to start a small business. A business plan is central to how you start, grow, and develop your business. It will help to ensure that you remain mindful of all the functions of a successful business, from operational and financial objectives to the small details, such as budgeting, product offering, competitive analysis, and market planning. Having a well-written business plan in place will ultimately make for a smoother start-up period and fewer unforeseen problems as your business gets up and running.

Here are five reasons why you need a business plan:

- 1. It will help steer your business.** Think of a business plan as a road map that will guide you through each stage of starting and managing your operation -- including how to structure, run and grow your business. The process of writing a plan provides an opportunity to think through and detail all the key elements of how your business will operate. Businesses change and grow and viewing your business plan as a dynamic document rather than a static one will help ensure that it's continuously aligned with your goals and future objectives. The business plan should be updated regularly, minimally once per year. The document allows you, as the business owner, to adjust course, explore new product and market opportunities and shift away from some areas of the business that are either not performing as expected or are not profitable.
- 2. It can help you clearly define your business.** A well-written plan can help you better define the path that you intend to take over the next three to five years. The document usually includes key sections surrounding your business idea, including product and sales, marketing, management, and financial information which can help you define your target market, your unique selling proposition, the key features and benefits of your product offering, optimum pricing strategies, and how you intend to sell and deliver your products to customers. In addition, developing a budget for implementation will assist with determining your start-up and operating capital requirements.
- 3. It will help you to keep sight of your business milestones.** A business plan holds you accountable to yourself as a business owner. Not only can it help you to think objectively about the key elements of your venture, it can also assist with reviewing your yearly goals and help you to make informed decisions on the direction of your company's growth. Did you execute as you had forecasted? Were the results in line with your expectations? Did you veer off course, and if so, what were the results? An objective review of your business plan can help identify areas for improvement or adaptation. Reviewing your goals against actual outcomes can also provide opportunities to celebrate your successes and **establish new goals for the upcoming period targeted to building on your success.**
- 4. It can help with funding.** A comprehensive business plan is vital when it comes to securing funding or bringing on new business partners. Most potential investors will want to review the viability of your company and feel confident that they will see a return on their investment. Think of your business plan as a tool that can help demonstrate to others that working with you, or investing in your business, is a worthwhile endeavour.
- 5. There's no wrong way to write a business plan.** The right business plan is the one that works best for you and meets your needs. It provides the opportunity to take everything you have thought about with respect to your business and move it from your brain to paper in a succinct format for future reference. Generally, most business plans fall into one of two common categories: traditional or lean start-up.

Traditional business plans are more common, use a standard structure, and encourage you to go into detail in each section. Traditional plans tend to require more work upfront. Lean start-up business plans are less common, but still use a standard structure. They focus on summarizing only the most important points of the key elements of your plan. They can take as little as one hour to create and can be as short as one page.

Knowing where to start can be challenging, and the Orangeville and Area Small Business Enterprise Centre has tools to help make writing a business plan less intimidating and time consuming. Our team is available to provide free guidance and support throughout the process -- from start to successful completion.