



Business Planning Articles E-Book

Karen Fischer, RK Fischer & Associates
Copyright 2017, All Rights Reserved

Did A Free Business Plan Template Work in Helping You Obtain Financing?

There is so much more to a business plan than the right template or format. A template is nothing more than an outline but together by those who understand what is needed in a business plan and they provide the headings and few sentences on each section. It is actually the content itself that is most important along with understanding what the bank, grant provider, or investor is looking for in a business plan. Many entrepreneurs are able to articulate the overall premise of their business to you when asked, but many have a problem when asked to put pen to paper and provide the detail that is needed in a business plan.

A business is so much more than just an idea and selling a product or service and many times all of the pieces of the business have not be thought through completely and this is uncovered if a business plan is done correctly. In many cases, this has to do with the business owner being great at certain aspects of their business, but not always having the expertise in others that could be just as important. An entrepreneur that is a sales/marketing expert may know how to market and sell a product but may not understand the operational side of the business and what is required to retain an existing customer, as their focus is new customers. An entrepreneur who is an engineer has expertise in the product he/she developed, but may not have a clear understanding of what it will take to market and sell the product. The saying build it and they will come is not true. The ultimate key to success is building the right team with the expertise required across the board, as one individual cannot be an expert at all aspects of their business.

Did A Free Business Plan Template Work in Helping You Obtain Financing?

The same is true when putting together a business plan. Your banker or investor is looking at the overall picture of your business and whether you have the right pieces in place to warrant loaning money or investing in your business. What many businesses do not understand is that a poorly written or articulated business plan can itself cause you to be turned down. Most businesses do not understand the importance of their business plan until this happens. This is not to say that if you do not have a viable business overall and have a well written plan, you will get money. Everything has to make sense. For example: If you say you have 2 sales reps and the sales cycle is 6 months with an average sale being forty thousand and you say you are going to make revenues of a half of million in your first year – it is easy for anyone ready to see this is not possible.

I have found that is sometimes a lack of understanding of what the bank or an investor is looking for in your business plan that causes the greatest confusion.

In general, they want to see that you have a grasp and a handle on all of the component areas of your business and your financials make sense. They need to feel comfortable that you have the background and experience in your business area, and this is particularly the case in start-ups. They want to see that you have staffed or plan to staff appropriately for areas where you lack expertise. They usually want to see that you have invested in your own business and some grants and loans from the government require matching of funds. They need to know that your business and/or you personally have good credit. They want to see a plan that provides a complete assessment of your business in the following areas: Financial, Human Resources/Management, Sales, Marketing, and Operations. If you are a technology or manufacturing company, you will probably need to break out Engineering & Manufacturing separately.

Did A Free Business Plan Template Work in Helping You Obtain Financing?

Usually when a business is told they need a business plan, they begin their search on line for the “free” template. The question that you need to ask yourself is whether the one you found is relevant to your particular business and whether that template covers all the relevant information needed for your business as most are very general. Are you able to fill in all of the sections thoroughly about your business? The marketing section will cover market size, target market, SWOT analysis, Online Plan, Branding and the list goes on. Making up a mission and vision statement for a plan on the fly is not the way to go just to fill in the blank. Do you understand and are you able to articulate all of those areas about your business to show the growth you are predicting in your financials? The financial side will want details on your forecasts, gross margins, assets, costing and such over the next 3-5 years. If you are a start-up business and do not have existing financials with a run-rate, are you able to give a fair financial assessment of this? The financials you provide need to make sense and be able to show when you will return a profit for your particular business, not the imaginary company in the template.

If you are asking a lender or investor to give you five hundred thousand dollars, are you going to decide to write your first business plan utilizing a free template without understanding whether it is complete or suitable for your business.

Once you are turned down, you are now done and because even though you know your business you were not able to articulate what was required to the lender or investor. You can go to another lender or investor, but now your credit rating is going to suffer and the question to ask yourself is how cost effective was scrimping on your business plan.

Did A Free Business Plan Template Work in Helping You Obtain Financing?

A business plan is the “cookbook” for your business to follow in order to achieve success and if you look at it this way versus a quick document to get financing – you will have a great chance of success. If you spend the time creating a plan for your business to follow for the next 3-5 years, and modify as your business changes or you try different tactics and determine new paths, you have a guide to follow. Though a living breathing document, it truly is not much work involved and probably only needs to be looked at a couple times a year.

If you are not sure what information you need or what you might not know about your business today to provide someone who is going to assess your business, then consider spending a few dollars to do it right the first time and increase your chances of success. This is not only true with an investor or lender, but also long term in running and growing your business. If you uncover a couple holes now and fix them now before applying for future financing, think how much more cost effective that would be. The key is not to wait to do a business plan when you are under the gun and are doing it just for financing.

Also, before you just pay a writer to have your business plan professionally written, ask yourself whether you are sure you have all the information to give them or might you want to have someone work with you as a business advisor to help ensure you have what you need before anyone begins writing a plan. If you have a current business plan, you might want to get an assessment especially if your business has changed since it was first written or you are considering applying for financing and want to make sure everything is covered.

The Difference in A Financial Plan and a Business Plan



The Difference in A Financial Plan and a Business Plan

Be sure when you engage someone to write your business plan that you are going to receive a full business plan and not just a financial plan. A financial plan is key to the overall business plan but is not something that can really be done accurately until you have done due diligence on your overall business plan which includes: market analysis, company direction and history, have an understanding of your products/services, product strategy, pricing strategy, promotional strategy, sales strategy, operational strategy, and an overview of your management and personnel. The business plan outlines how you intent to generate and spend cash, the financial plan focuses just on just the results.

I guess I really didn't know until recently that at times there was confusion by some business owners of what they were asking for until I started working with a few professional accountants. Many clients approach their external accountant and ask for a business plan. A professional accountant can provide you with the financials for your plan, but in most cases, they usually do not write all of the pieces that are associated with your business as they are external to your business. They will in fact need all the information from all of the other pieces of your business in order to provide you with the best and most accurate financial outlook.

The Difference in A Financial Plan and a Business Plan

Prior to going out on my own, I was used to working with the CFO in small businesses on business plan and I myself assumed that most external accountants wrote full business plans as well. This was until I was contacted by professional accountant who was looking to write a business plan for a company who was looking to acquire another business. He asked if I would work with him on the business plan to provide him with an understanding of what would be required from a sales and marketing perspective. The company was going to require new channels to be created and a separate business model from their current environment. I would first work through what was required in that area and then I would supply all of this information to him in order to do the financial piece. In working with him and several other professionals, I understand they are approached by many of their clients wanting someone to write a business plan for their business without them having all of the pieces of the puzzle.

A full business plan will be required if you are applying for grants/loans for a new business, are looking for investors, are looking to acquire a business, or are looking to be purchased. You need more than just the financials and in order to an accurate assessment of your go forward outlook, one will need to understand all of the parameters from the business that affect the financials. The financials are there to support your business plan and are actually final section in the business plan.

If you are a current business that has a relationship with a financial institution or lender where your business is known or understood, a financial plan will definitely suffice. For example if you are just looking to expand your building or you are asking for funds that are not tied to the success of what you are doing in your business, you may not need a business plan.

The Importance of a Business Plan for Small Business

Hopefully this will provide some help to people who are confused as to when they require and business plan or when they just need a financial plan. A business plan is a living document that you should update. It is road map of how you plan to operate your business.

If you are looking for a full business plan, make sure the person helping you is coming in and spending time with you to assess and understand the pieces of your business and are asking you the right questions before they put pen to paper and are not just asking you for your financial statements and providing you the required documents for a financial plan.



The Importance of a Business Plan for Small Business

Though both my business partner and I have worked for several small businesses over the years, in various phases from start-up to established small businesses and have even been a General Manager for one, it was not until we started my own business that I had a true appreciation of what being an executive was versus the business owner. As a business owner, the buck stops with you and are responsible for the overall direction and financial profitability of the company. I had written many business plans for companies over the years, but like many business owners did not feel I needed to write a business plan because I understood my business.

The Importance of a Business Plan for Small Business

In my first year of business, I began working with a variety of start-up businesses at various phases in different industry sectors. In each case, I would start talking to them about the importance of a business plan. Some had actually started a plan as they were looking for funding. In most cases, they had tried to write it themselves without ever have written a plan or with an understanding of what the government, a bank, or investor is looking for in order to provide a grant, loan, or investment. Many of the plans fell short as they were not able to articulate their market, provide detail on what value their product or service provided, show credibility of themselves running a business, did not have a marketing or sales strategy that showed how they would generate revenue, and in many cases had an independent accountant create financials without a full understanding of the business. There were a couple companies that felt they did not need a business plan as structure would be too confining on the entrepreneurial spirit. They felt they knew what they were doing and the goal was just making revenue. The fact was that each time you talked to them; they had a new business idea or had decided to change what their original plan was and were not producing any level of revenue. The truth of the matter is that anyone can find someone to buy something from them, but success is found in creating a business that is focused on generating repeatable business that is sustainable, is profitable, and depending on the business down the road is transferable.

The Importance of a Business Plan for Small Business

As I looked at them with a level of confusion, I started looking at my own business. I in my own head was focused on a particular target market, knew what services I was offering, knew what my market pricing was, and as a marketing and sales person knew the type of marketing and the types of partnerships we needed to develop. I began doing serial contracts and began generating revenue. I got a website, started a blog, began networking, and doing all the “right” marketing tactics. As I started looking at one company that I was working and saw all of the pitfalls that happen when you are not able to articulate what you provide to the market concisely, it hit me that though I have a mission and a vision for what I do, and had generated revenue in my first year of business, I myself was still thinking as an executive and not a business owner.

I have written many business plans over the years and would actually say I excelled at understanding the business and articulating it well on paper. The difficulty came when I began writing my own plan. It was no longer knowing what was needed, but actually articulating to myself what kind of business I truly wanted to not just be today, but long term.

I recently stopped dead in my tracks and took the time to write a business plan for two reasons. I knew I really could not criticize others if I did not truly practice what I was preaching and knew some time this year I wanted to look for some funding for marketing and office equipment. I realized that though I was generating money, I did not have a plan outlining my long term goals and requirements.

The Importance of a Business Plan for Small Business

My business partner and I decided over the holidays that we were going to create a business plan to help further define our business, what products and services we wanted to offer to our target market, determine what partnerships we were missing, and look at our short and long term financial goals. I started developing the outline for the plan. I then started investigating small business grants and loans available online. I filled in a form for information on a particular grant, which unbeknownst to me at that time started a time clock of when a business plan needed to be submitted, which gave me the push I needed to get it done. I had a deadline of 4 weeks, but what I found I was complete with the plan in 2 including research, detailed definition of business in required areas, writing and editing. Though it seemed some days to be an onerous task, when it was complete I truly felt more like a business owner as I truly had a grasp of the direction and focus of my business and what was possible. This plan helped us define a sustainable repeatable business model and gave us the confidence we needed that we can implement it and become profitable.

Since completing the plan, we have talked to several prospects and potential partners. At the end of the conversation, they said they truly understood our value proposition and what we were doing. They felt what we are looking to provide is unique and beneficial to small business owners. Of course it is going to be hard to abandon the first client asking us to do something that will make us money, but if what they are asking is not going to provide value to their overall business, now we can walk away knowing we did the right thing for them in the long run. They will most likely go hire someone to do what they believe they need, but when they uncover there was not any intrinsic value – it won't be our company that they associate with the lack of value and we may get the client in the long run. Once we implement our long term strategy through our website and marketing materials, it will be obvious to potential clients where we will add value to their business versus just performing serial contracts based on just our ability to do it.

Business Plan Writing Versus Business Plan Development

Though a business plan may seem confining or a difficult process, it is truly what defines and provides a roadmap for the success of your long term business. It is truly your game plan. It does not have to remain stagnant – it can be changed and updated as the market or your business changes, but it will provide clarity on where you are and where you are going. The plan does not need to be as large as the one that we developed to go after funding. It can be as small as a few pages and for internal use within your company to provide clarity of direction for everyone.



I met with a potential client that was referred by the local bank who was looking to have their business plan assessed before submitting it to the bank for a small business loan. They had found a company online that only developed business plans and sent me a copy. The client had already spent over \$1K on the plan and owed \$1K more. The plan was poorly written and did not even include the required sections a bank will look at in order to determine credibility of the business. The numbers in their financial plan did not add up and supposedly they had an accountant develop them. I am shocked at how many times that this happens. If you think you are getting a good deal on a business plan - then it falls under it is probably not. I am not even sure if this client's business plan would have made it past the branch

Business Plan Writing Versus Business Plan Development

The issue with most start-up businesses is they have a concept for their business, but are not aware of the detail that has to go into a business plan or what the bank or investor is looking for. This was a highly sophisticated business model and there was no marketing plan, sales plan, or operations plan. The company spent more time embedding graphical pictures in the document and even one of the charts was illegible because the font was white on pale grey.

I provided a copy of my own business plan to the client to give them an idea of what would be required by the bank. They were in shock and when they talked to the company that wrote the plan outlining what was included in my plan - the business plan company told them that was a strategic plan, not a business plan. If they wanted this kind of plan - that would cost them 10K. These business plan companies exist everywhere and are truly taking advantage of small businesses and start-ups who are not aware. In this case, even if the client had all of the necessary pieces for their business plan and the company was just providing writing - this was still a travesty.

There are some businesses that have all of the pieces for a plan and are just looking for someone to write it, and then there are others that need a business plan written but are not sure what is required. In both cases - if you are just going to a company that writes business plans and does not have people on staff that are business people to go through it and provide feedback and help, then you are most likely going to spend a couple thousand dollars and have a mound of paper that you can use for a paper weight.

Business Plan Writing Versus Business Plan Development

Something also to make sure of when finding someone to develop your business plan - make sure they know what is required for your type of business. The layout of a business plan for a retail store, a web company, and a manufacturing company are very very different and if they are providing one size fits all - this will land you in a mound of hurt. You need to be working with someone who understands your business model and what the bank or investor will require.

Even for a company that writes a business plan, if they are going to provide you with adequate service - they should have some level of template/questionnaire that they have you fill in about the required sections of a business plan. If as a business, you are not able to provide the information - they should send you back to someone who can help you develop the plan, as they are just taking your money without any regard of whether you will get financing or not. If you are looking to have your business plan developed from scratch - then there should be a consulting engagement at the beginning to review your business and find out what areas need to be developed. This company should either have people on staff to provide consulting to help with this or refer you to someone that has this level of experience and expertise.

Business Plan Writing Versus Business Plan Development

So many companies I talk to are looking to a bank or an investor to provide them with \$100's of thousands of dollars, but yet they are looking to scrimp on the one document that lies between them and the funds. If you are already an established business and have a record with the bank then this is a different story - in many cases you are looking to add funds for a particular reason (equipment, renovations ...etc) - then we are talking a business case versus a full plan. If you are a start-up and you have never had funding and the bank, lender, or investor is not familiar with your business and you are looking for over \$50K , if you pay less than \$3K for a business plan for most businesses - then you will get exactly what you paid for. The more sophisticated the business - the more detailed the plan especially the financials. You also want to make sure that the person that is helping you develop the financial model has experience or is working with an accountant. This can either be one they work with or your own. If the plan does not support the financials - you will not get your funding.

A good business plan does not ensure funding, as the bank, investor, or lender has to feel secure in the idea and that they will get their money back or see a return on their investment. On the other hand, a poorly developed and written business plan will ensure you do not get the funding, even if you have a viable idea. If you are not able to portray this in your business plan - you have lost your one shot with that bank or investor.

Should I Create a Marketing or Business Plan First



I do find that questions that I see posed on social network sites or asked by clients are usually where I tend to get my inspiration to share lessons learned and today is no different. Someone posed a question on LinkedIn on whether it would be more beneficial to spend time on a Marketing Plan or a Business Plan and I cringed when I started reading where some readers said they would definitely spend time first on a Marketing Plan.

I am not sure why so many small business owners choose not to write a business plan when they start their business. If I were a betting person, I would think the answers range from I have my business plan in my head to I do not need a business plan because I do not need financing. There is also the thought that writing a business plan has to be an onerous task which it does not have to be at all. If you need a business plan for a financial institution, you do need a very complete business plan, but if you are just documenting your business to make sure you have all the pieces in place – a 40 page plan is not needed. It can be as simple as an outline.

Should I Create a Marketing or Business Plan First

If you are someone that believes a marketing plan is more important than a business plan, think hard before you follow that thought. If you do not have a clear outline of your business strategy, how are you going to create a marketing plan? A marketing plan is a piece of your business plan puzzle, but cannot be thought of in isolation. I cannot even count how many times I have gone to see a client who has been sold marketing that is not helping with their business. They were convinced by a graphic designer, web developer, or a writer that knows absolutely nothing about their business that a website, brochure, or a direct mail campaign is going to solve all of their problems and that is why they are not making money. They then spend the money to find out that their business has not increased at all. Many times, they then become disenchanted with marketing completely and become stagnate. The reason why they usually fail is because the marketing was done in complete isolation from the business plan. You should not go out and spend money on marketing until you have your business strategy in place otherwise that money will most likely not be a good investment in your business.

If you truly understand what is required for a business plan and what having one will do for you, the answer to this question will become clear. A marketing plan is not a general plan that is a cookie cutter across all businesses. You have to understand your target market. You have to understand how they buy and how to market to them. A website for a manufacturing company is quite different than a retail chain. Direct mail or telemarketing may work well for some industries and others it does not. By not understanding your business and your customers properly, you could end up wasting a lot of money on the wrong marketing. A marketing plan is in support of sales and your go to market strategy. You need to understand what your target financials are for the year to know what you need to spend to get there and what types of marketing for your business will offer you the best return.

Should I Create a Marketing or Business Plan First

So before you hire someone to help you with marketing or spend a lot of money on a marketing plan for your business, make sure you can articulate a basic business plan. This can be done in simple outline form and does not need to be a novel. It also needs to be developed and written in such a way that it can be easily updated, as your business should not remain the same for years. Your business has to change with the times and you need to be able to capture those changes as your business grows, so that your business plan is current.

Here is a list of the questions you need to be able to answer about your business for a basic plan. If you can answer all of these then you are 80% there. When you then decide you need a loan or investor financing, you are not spending your time scrambling to put the large plan together – you already have the main items. Once you have this complete and you understand your direction – now you can develop a Marketing Plan that supports your Basic Business Plan.

A Basic Business Plan

What is the mission of your business?

- What are your business goals?
- What is your vision for the future?
- What is your value proposition and what makes you stand out from your competition?

Who is your target market ?

- What is the size of that market?
- How much of that market can you truly address?

Should I Create a Marketing or Business Plan First

What are the products and services you plan to sell?

- What are the features and benefits?
- What need do they solve for a customer?
- How do your products/services differ from your competition and how will you sell against them?

How do you plan to market your products and services?

- Will you have a web site?
- What marketing materials will you have?
- What market mediums will you utilize for your business to build awareness and drive sales? (Events, Direct Marketing, Social Media, PR, etc)
- How much will you spend each year on Marketing?

What is your go to market strategy?

- How will you sell: direct, indirect, online, mixed channel?
- How will you price through each channel?
- How will you support your sales channels?

What is your operational strategy?

- How will customers order products and services?
- How will you deliver products and services?
- How will you support your products and services?
- How will you manage inventory, returns, restocking?
- What systems will you use in your business to manage it?

Should I Create a Marketing or Business Plan First

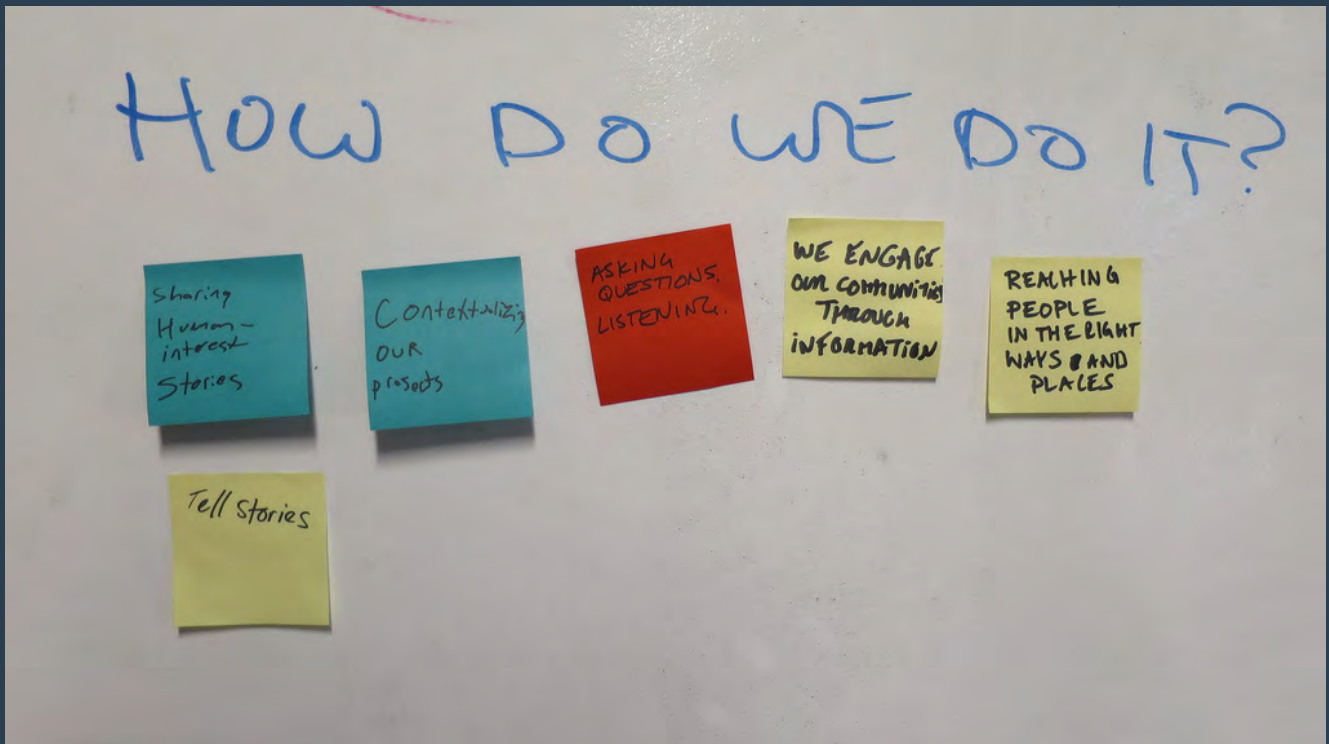
What is your human resources strategy?

- What does your management team look like (strengths)?
- What is your organizational structure?
- What are your HR policies and procedures?
- What is your compensation structure, job descriptions, benefits for employees?

What are your financials?

- Income statement and balance sheets - how are you trending?
- What are planned volumes/ revenues?
- What are your margins?
- How is your cash flow?

Are You Planning to Fail or Failing to Plan



I recently saw a statement on a question/answer board from a consultant outlining why so many start-up businesses fail and have to admit I was not surprised by what was said. An example given was an internet business that failed because they did not have the funding to support the pull marketing that is required for the business. What was listed was the symptom of why the business failed, but not the reason of actually why. Another example was a technology company that the "reason" for failure was attributed to not being able to afford the development for all the features that their customers wanted. Having come from the high-tech industry – that excuse just does not hold water – as that is development/product management 101. Unfortunately this is not unusual as many entrepreneurs try to analyze and figure out why their business failed and not the business down the street and do not want to admit that the failure was due to improper business planning and financing on their part.

The real reason the most businesses fail usually has nothing to do with the excuse that is decided after they go out of business. They are documenting the "excuse" for the failure in most cases to justify why they were not successful when there are businesses offering similar products and services that are flourishing.

Are You Planning to Fail or Failing to Plan

If we step back, the main reason that start-ups and small businesses fail is lack of a well thought out business plan that takes into account all of the parts of the business along with what is required from a financial point of view to grow and sustain a working business. The great thing about entrepreneurs is that they are fearless and willing to take risk, but why take on risk when you do not have to. I am not saying that every business that has a sound business plan and proper financing will not fail. There are always factors that business owners cannot foresee like a downturn in the economy where their products and services may be the first ones that people put on hold to buy, or a particular market can take a dive like the telecom market did a few years back. It is hard for anyone to foresee or survive this type of occurrence. But the businesses who say they failed because they had bad sales reps, lack of funding for marketing, the right management team, or many of the other reasons that could be avoided by proper business planning and financing are just creating excuses. These situations would have been accounted for in a business plan and in risk management.

Are You Planning to Fail or Failing to Plan

Early on, business owners who have an idea and do not have a background in running a business or have self-financing may have to give up a portion of their business to get the right financing and management support for their business.

An idea is only as good as the plan and the ability of the people around you to execute on your plan. It is also important to know that anyone providing financing whether a bank, government grant, private investor, or other financial options such as angels and venture capital will expect to see that you have invested in your business yourself and have a stake in the success. Unless you have experience in Finance, Human Resources, Sales, Marketing, Operations and in many cases Development, you are going to need others to help you make your business successful. If there are those that are willing to provide sweat equity up front to help you get going, you need to make sure to reward them for the efforts they provided you and not be greedy. I watch the Dragon's Den and Shark Tank and chuckle when an entrepreneur asks seasoned business people with experience and contacts for millions of dollars in financing for a business that has not made revenue for a low stake. The question to ask yourself is whether the decision now to be hard headed is going to hinder your success in the future. Your idea is worth nothing if you cannot execute a plan. I would rather have 20% of 100M dollars versus 100% of nothing.

If you are down the road with your company and you do not have a business plan and you are in need of financing – you do not have to throw up your hands and shut the door – it is not too late to push the restart button before you get to that point. Almost all of the excuses you would have if you let the business close can truly be resolved and a plan put in place of how to address them one by one – it is not futile – but you have to be patient.

Are You Planning to Fail or Failing to Plan

The internet company that did not have enough money for spending on marketing to get the pull they needed could turn things around and get the financing they need if they have a solid business plan and the business makes sense. The high technology company that cannot afford to do the development for the “features” their customer needs to learn how to manage their development and product management and set up a pricing model that can support the development with release management. The part that may be missing and the owners may not have realized was the business was not a viable one from the start because due diligence was not done up front and proper financing was not obtained to support their business plan.

If you are a business owner and you are having a struggle and are wondering if you should throw in the towel – before you do – consider pushing the restart button. Look at having a business plan developed taking into account the past and what needs to be done to move forward and look at all of your financing options. There are grants, loans for small business from the different financial institutions, and alternate funding from investors you might know or angels and venture capitalists. In some cases, you may need more than just the financing and require the expertise of those who have a background in your industry and have the contacts to get you back on your feet. You may have to give up a stake in your business to find success, but you will still benefit in the long run from this decision. The key is to act before you have to throw in the towel and create an excuse like the ones above that you know in your own mind and heart could have been resolved if you developed a plan and had the financing and expertise to make the business successful.

Be the one in ten businesses that will succeed, not one of the nine that end up failing.