

The Business Plan: A Framework for Success

Moreen Singh

A good business plan is like a blueprint for success. Often clients will ask me to write one for them. Instead, I mentor clients in developing their own plan. I have found that when someone else develops your plan, it is more likely to be shelved and not become part of your ongoing management of the business. This is most likely because the client has no personal investment in the document. When the goals and plan are written by the client themselves, it increases the likelihood of implementation. Often clients will ask me to create a plan they can present to the bank to obtain financing. Banks hire business consultants just like me to teach them the telltale signs of people who have others write their plan.

So what makes an effective Business Plan? The answer varies depending on the type of business and the financial resources you need to make it successful. Here are a number of tips I have found to be helpful.

Personal Line of Credit:

For situations where you want to borrow up to \$100,000, consider using a personal line of credit. It is on average 2% points lower than a business loan. I suggest this because often business owners are under the misconception that they will not be held personally liable if the business fails. The banks **will** ask you to sign a personal guarantee whether it is for a business loan or personal line of credit, so it makes better financial sense to use a personal credit line. This will also allow you to develop a business plan that reflects your needs, and not those of the bank.

If you still prefer or need to obtain a business loan, talk to the Small Business group at a few financial institutions. Find the one that offers the best product and services. Use their business plan template to create your business plan.

A small business or sole proprietorship providing engineering or geoscience consulting services can be started with limited to no capital investment. To ensure success, you can use a simplified approach to develop the framework of the business. The framework I suggest begins with developing an outline of the information required such as: Business Concept, Marketing and Sales Plan, Operations Plan and Financial Plan. The proposed “business” is developed by capturing key points in bullet form under each section. Each bullet is then expanded to support the overall business. Each draft is validated and refined until the final plan is created. Keep in mind that the plan does not have to be perfect – it will grow, evolve and change as the business develops.

A heavily capitalized business, such as one developing products, requires the plan to conform to the structure and details required by banks, investors or venture capitalists. These plans are financially driven with in-depth statistical data to support the numbers. In this case, it may be helpful to work with a professional business consultant to develop the plan.

If you want funding from Investors or Venture Capitalists, you will need to do research to select those you want to approach. It is important to note that your approach must include a prospectus. The prospectus introduces your concept, discusses the market

potential, competitors and their products. Keep in mind that these investors focus on the management team and will typically request that you add some of their management personal and/or board members to your company.

Writing a business plan can be difficult, but there are a few tips that can make the task a little easier. If you need to borrow money, you will need to decide whether using your personal line of credit or obtaining a business loan is right for you. If you intend on getting funding from Investors or Venture Capitalists, it is important to remember that you will need to prepare a prospectus in addition to the business plan.

Once you have decided on your finances, the best way to develop the framework of your business plan is to use a simplified approach by first outlining the information required and then capturing the key points under each section. For heavily capitalized businesses, you will need a much more complex approach and it is suggested that you work with a professional business consultant to develop the plan.

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Moreen coaches high potential senior managers, executives and professional business owners in unlocking their potential. She has over 27 years experience as a senior manager, business owner, consultant and business coach. She has led teams of professional engineers that provided technical innovation to those that were active in sales. In the last few years Moreen's practice has focused on coaching professional engineers ranging from business owners and sole proprietors to high potential corporate managers. Her success has ranged from helping clients create a successful strategy to move up the corporate ladder, determining their true value and increasing their fees by as much as 25%.