

Help Your Business-Plan Writers Do the Right Thing

GOOD ideas need good business plans to raise money, but also to determine the feasibility of the concept. If entrepreneurs don't have the time or the knowledge to develop a business plan that will fund a multimillion-dollar idea, they turn to professional business plan writers to craft a winning plan.

Sometimes the entrepreneur has no information at all – just a good idea. They ask the plan writers to research, analyze and develop the entire plan.

In other cases, the entrepreneur has done a substantial amount of research. They give the writers boxes of papers, articles and other materials that the entrepreneur has accumulated over the course of a few months.

The cost of writing a business plan ranges from \$5,000 to \$30,000. Much of this fee is based on the amount of research required and the material that is already available from the entrepreneur. The file box with a dozen reams of paper that are unorganized is a major undertaking for business plan writers to read and properly file. The entrepreneur could save a considerable amount of money if the papers in the box were categorized and filed prior to giving it to business plan writers.

Understanding the segments of the business plan will help the entrepreneur file the research and other materials. Each of the sections should have their own file and color-coded label. Subsections should have color-coded labels as well.

Plan's sections

A business plan can be divided into six major sections. These are: market analysis, products and/or services, marketing strategy, company and management, operations and finance. Each of these sections is assigned a color-coded tab.

For example, the market section may have a red tab. Before too long, the market file may be crammed with papers. The market section should be segmented further with red tabs. These are market-demographics, market-growth, market-competitors, market-drivers, market-size, etc. These should all be coded with red tabs.

The products and/or services section is



ENTREPRENEUR'S NOTEBOOK

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represented by a black label. The subsections include products-description, products-advantages, products-development, products-buyer demographics, products-future, etc.

The marketing strategy section is a purple tab. Subsections include marketing-objectives, marketing-sales, marketing-distribution, marketing-customers, etc.

The company and management section is assigned another color – yellow, for example. Subsections with yellow tabs include company-structure, company-management team, company-facilities, etc.

Operations are designated with blue tabs. Every subsection written on blue tabs include areas such as operations – Web site builders, operations-staffing, operations-payroll, operations-tech support and operations-order fulfillment Web site services, etc.

The finance section is assigned a green tab. Subsections include finance-projections, finance-capital, finance-pro formas, finance-assumptions, finance-venture capitalists, finance-revenue stream, finance-machinery, finance-equipment, finance-facilities, finance-sources and uses schedule of funds, etc.

Research follow-ups

As each piece of paper is filed in the folder, a designation is written in the upper right hand corner signifying the file

in which it is located. For example, the entrepreneur researches, using the Internet, and finds that the market size of business-to-business (B2B) in the chemical industry is a certain amount.

If entrepreneurs organize their research and file their material in an efficient and logical manner, they will find that the business plan may cost considerably less than if they hand the writers a file box filled with papers.

Another major problem with business plans, especially those of dot-coms, is that entrepreneurs don't think through the entire business process prior to hiring business plan writers. Although a business plan is a work in progress, dot-com entrepreneurs in particular may not methodically examine all areas of the business. Oftentimes, the writers will ask questions about issues for which the entrepreneur has no answers and yet expects the writers to supply the answer to basic business processes.

In a recent survey conducted by Centurion Consulting Group, venture capitalists were asked what was the major flaw in business plans that prevented funding. Over 60 percent of the respondents said the management team was one of the major stumbling blocks for venture funding. While management team members may want to read a business plan prior to committing to the project, entrepreneurs fail to carefully map the organization chart and staffing requirements for the new business.

Many times, it's the details that entrepreneurs overlook. By not having carefully thought out the fine points of the business process, the entrepreneur runs the risk of making changes to the plan and thereby increasing the cost, not to mention decreasing the probability of obtaining funding.

Barbara Lewis and Dan Otto are founders of Centurion Consulting Group. They write business plans for dot-coms, startups and ongoing businesses. They can be reached through their Web site at www.CenturionConsulting.com.

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