**Build Your Business Plan**

**1: The Dynamics of Business and Economics**

* Imagine owning your own business.
  + What does it look like?
* Think about your community.
  + What needs are not being met?
* Think about how profitable your business idea can be.
  + Is there sufficient demand for this business?
  + How large is the market for this particular business?
  + What about competitors? How many are there?
* Learn about your industry.
  + Conduct a thorough search of product ideas on the Internet.

**2: Business Ethics and Social Responsibility**

* Think about which industry you are considering competing in with your good or service.
  + Is there any kind of questionable practices in the way the product has traditionally been sold? Produced? Advertised?
  + Have there been any recent accusations regarding safety within the industry?
  + Are there any environmental concerns?

You have a responsibility to keep your customers safe and healthy. You also have the social responsibility to let the community know of any damaging effect you may be directly or indirectly responsible for.

**3: Business in a Borderless World**

* Think about the good or service you are contemplating for your business plan. If it is an already established good or service, try to find out if the product is currently being sold internationally.
  + If not, can you identify opportunities to do so in the future?
  + What countries do you think would respond most favorably to your product?
  + What problems would you encounter if you attempted to export your product to those countries?
* If you are thinking of creating a new good or service for your business plan, think about the possibility of eventually marketing that product in another country.
  + What countries or areas of the world do you think would be most responsive to your product?
  + Are there countries the United States has trade agreements or alliances with that would make your entry into the market easier?
  + What would be the economic, social, cultural, and technological barriers you would have to recognize before entering the prospective country?
* Think about the specific cultural differences that would have to be taken into consideration before entering the prospective country.

**4: Options for Organizing Business**

Think about how you should organize your team in a way that would be most efficient and effective for your business plan. The benefits of having partners include having others to share responsibilities with and to brainstorm ideas together. As your business evolves, you will have to decide on team member involvement.

* It is imperative to have a written agreement so that all team members understand what their responsibilities are and what will happen if the partnership dissolves.

It is not too soon for you and your partners to start thinking about how you might want to find additional funding for your business.

* Develop a list of potential investors in your business.

**5: Small Business, Entrepreneurship, and Franchising**

Get started with your business plan.

Research the Small Business Administration, the local Chamber of Commerce, Economic Development Office, Census Bureau, and/or City Planning Office for business development resources, partnership opportunities, and demographic information. Research the Internet for any studies done or articles on your specific type of business, particularly in your area.

**6: The Nature of Management**

The first thing you need to think about is “What is the mission of your business? What is the shared vision your team members have for this business? How do you know if there is demand for this particular business?”

* Think about the customer’s ability and willingness to try this particular product.
* Think about the various processes or stages of your business in the creation and selling of your good or service.
* What functions need to be performed for these processes to be completed? These functions might include buying, receiving, selling, customer service, and/or merchandising.
* How do you plan to provide your customers with superior customer service?
* What hours will your customers expect you to be open?
* How many employees are you thinking you will need to run your business? Do you or one of your partners need to be there all the time to supervise?

**7: Organization, Teamwork, and Communication**

Developing a business plan as a team is a deliberate move to encourage teamwork.

You will spend a large part of your professional life working with others. It is important you get comfortable with working with others and holding them accountable for their contributions.

Some people are natural “leaders,” and leaders often feel that if team members are not doing their work, they take it upon themselves to “do it all.” This is not leadership, but rather micro-managing. Leadership means holding members accountable for their responsibilities.

If you are a “follower” (someone who takes directions well) rather than a leader, try to exhibit more leadership qualities.

**8: Managing Service and Manufacturing Operations**

Determine what processes are needed in making your product. Break the process into inputs, transformation processes, and outputs.

Know what your customer expectations are.

**9: Motivating the Workforce**

Will you be able to compensate your workforce, especially at the onset of the business? If not, how else can or will you motivate your team?

**10: Managing Human Resources**

What do you expect from your “employees” (i.e. background, skills, experience, etc.)? How will you recruit your employees?

**11: Customer-Driven Marketing**

Develop a marketing strategy for your good or service.

* Who will be the target audience you will specifically try to reach?
* What group(s) of people has the need, ability, and willingness to purchase this product?
* How will you segment customers within your target market?

Develop the marketing mix for your good or service.

* What is the differential advantage your product offers? What makes it unique?
* How should it be priced? Should the product be priced below, above, or at the market?
* How will you distribute the product?
* How will you promote your product?

What are the uncontrollable variables you need to be aware of? Is your product something that can constantly be technologically advanced? Is your product a luxury that will not be considered by consumers when the economy is in a downturn?

**12: Dimensions of Marketing Strategy**

Research the Internet to identify similar goods or services available in your area. Check with the Chamber of Commerce and Economic Development Office to get a history of business failures. Determine the ability and willingness of customers to buy your good or service.

Compare competitor’s prices before your determine your price. Examine product elasticity (supply and demand).

How will you promote your product so customers will view it favorably?

**13: Digital Marketing and Social Networking**

Are similar goods or services being marketed digitally?

* Think about how you might overcome any obstacles and engage in digital marketing on the Internet. You do not need a brick-and-mortar store to open your own business. Consider a click instead of a brick!

**14: Accounting and Financial Statements**

After you determine your initial reasonable selling price, you need to estimate your sales forecasts (in terms of units and dollars of sales) for the first year of operation. Be conservative.

* Prepare an income statement, beginning with your estimated sales revenue and anticipated expense needed to generate that revenue.
* Prepare a balance sheet, which is a snapshot of your financial position in a moment in time (listing assets, liabilities, and owner’s equity). Table 14.6
* Prepare a cash flow statement. Table 14.7

**15: Money and the Financial System**

Develop a financial plan. Do you need a loan or line of credit to start/support the business?

**16: Financial Management and Securities Market**

Develop an investment strategy.