

Look Before You Leap: Planning Your New Business



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Agenda

- About the presenter
- This business plan thing is boring. Why do I have to write one?
- Business plan components

About the presenter

Sarah O'Keefe

- Founder of Scriptorium Publishing (www.scriptorium.com)
- Began as a freelancer
- Scriptorium Publishing now employs a dozen people in two offices; national and international clients

This business plan thing is boring. Do I really have to write one?

- Yes

But why???

- Planning
 - Forces you to analyze your business idea
 - Helps you see the big picture
- Financing
 - Required for bank and Small Business Administration Loans
 - Required for venture capital investment
 - Required for angel investment

Need more reasons?

- While writing a business plan, you will:
 - Identify strengths and weaknesses of your idea
 - Figure out your goals
 - Find the “holes” in your idea
- Imagine how expensive it will be to fix these problems *after establishing the business!*

Fine. I'll write a business plan.

- Er, what's a business plan?

What is a business plan?

- Outlines your business
- Provides a road map for you to follow
- Standard document requested by bankers
- A document that changes as your business changes
- Risk-assessment tool

What's in a business plan?

- Executive summary
 - Write this last
- Business overview
- Marketing plan
- Management plan
- Financial management plan

Worksheet 1: The business

- Description
- Market
- Location
- Competition
- Management
- Objectives

Description

- Industry overview
 - Present situation
 - Future prospects
 - Your position in the industry
- Legal structure
 - Sole proprietorship, S or C corporation, limited liability company, partnership
 - Reason for choosing that legal structure
 - Do you understand how to operate inside that legal structure?
- Business idea

Market

- Who will buy your product?
- How many prospective customers exist?
- What do you know about your market's demographics?
- How will you reach your customers?

Location

- **Where will your business be located?**
- **Why?**
- **What are the pros and cons of this location?**
- **How do you plan to take advantage of the location?**
- **How do you plan to address the disadvantages of your location?**

Competition

- **Who is your competition?**
 - Local
 - National
 - International
- **Who represents your biggest threat?**
- **How will you compete with them?**
- **What separates your business from the competition?**

Management

- **Who will manage your business?**
- **What are your management team's strengths and weaknesses?**
- **Do you have a team of professional advisors? At a minimum, do you have:**
 - Attorney
 - CPA

Objectives

- **What is your objective for the first year?**
 - Revenue
 - Client base
 - Employees?
- **The second year?**
- **The fifth year?**
- **What are your long-term objectives?**

Worksheet 2: Marketing plan

- **Strengths**
- **Weaknesses**
- **Main marketing message**
- **Pricing and sales**
- **Advertising**
- **Public relations**

Strengths

- **What does your business do well?**
- **What makes your business unique?**
- **What makes clients/customers choose your business instead of the competition?**
- **Can you develop more strengths?**

Weaknesses

- **What does your business do poorly?**
- **How do you plan to address those weaknesses?**
- **How will your weaknesses affect the business?**

Main marketing message

- **What is your main marketing message?**
 - One sentence or less!
 - Create a slogan
- **What do you want people to think about your business?**
- **What are your *unique selling points*?**

Pricing and sales

- **How will your price and sell your products or services?**
- **Will your prices be high, low, or medium compared to your competitors?**
- **What message does your pricing send?**
- **Will you charge by the hour or by the project for services? Why?**

Advertising

- **What are your advertising plans?**
- **Where can you reach your customers?**

Public relations

- **What are your plans for public relations?**
- **What kind of image do you want your business to have?**

Worksheet 3: Management plan

- **Staff**
- **Compensation**

Staff

- **Who will be your core staff?**
- **Who will manage the business?**
- **Do you plan to have employees?**
- **Do you plan to grow?**
- **What skills and experience do your employees need in key positions?**

Compensation

- **What is your compensation plan?**
 - Salary
 - Owners' "draws"
 - Profit-sharing
 - Bonuses
- **Will you provide equity to key employees?**
- **Will your compensation plan attract the employees you need?**
- **What about benefits?**

Worksheet 4: Financial management plan

- **Start-up funds**
- **Health care and other benefits**
- **Income projections**
- **Budget**
- **Establishing credit**

Start-up funds

- **Do you have sufficient funds to work "for free" for six months?**
- **What are your equipment requirements?**
- **Do you have funds for the equipment you need?**

Health care and other benefits

- **How do you plan to provide health care and other insurance?**
 - For yourself
 - For employees

Income projections

- **How many billable hours will you have in the first year?**
 - 1000 hours is pretty good for a freelancer.
- **At what rate?**
 - Is your rate justifiable given your experience and the market?
- **What are your income projections for the first year?**
- **What are your expense projections for the first year?**

Budget

- **Based on your income projections, create a budget**

Establishing credit

- **Do you have excellent personal credit?**
- **Do you need a line of credit, loan, or other funding?**
- **Have you considered your funding options?**
 - Bank
 - SBA
 - Venture capital
 - Angel investment
 - Family and friends (!)

Worksheet 5: Executive summary

- **As little as one paragraph**
- **No more than one page, preferably half a page**
- **Sum up your business plan in plain English**

Summary

- **Planning is good.**
- **Planning is important.**
- **Planning makes you look professional.**
- **Planning keeps you from learning things the hard way (which is usually expensive).**

Q & A

Resources

- **SBA business plan outline:**
<http://www.sba.gov/starting/indexbusplans.html>
- ***Small Business Advisor.* John Wiley & Sons. ISBN: 0471109894.**
- ***The Complete Entrepreneur.* Barron's. ISBN: 0812097165.**
- ***Making Money in Technical Writing.* Peter Kent. ISBN: 0028618831.**

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www.scriptorium.com/stc2001bizplan.pdf
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