

FOOD For Thought ~

Starting a business, regardless of the type, without a written plan is a risky idea. Most people don't realize how risky, because this is, in fact, what the majority of small business owners do. They launch a company without any tangible plan for the firm's foray into the marketplace or its ongoing operation. They jump into the turbulent economic river without a life jacket, without a boat, and without a clue. Luckily, there's an easy (albeit, relatively time-consuming) fix.

Two written plans -- a business plan and a marketing plan -- are vital to a successful start and the continuing operation of any business. Both plans are, in essence, detailed blueprints for building and maintaining a successful enterprise. The plans contain valuable data about the company, the market for the business, the customer base, and virility of the venture.

If an owner's intentions are to entice outside funding, a business plan, at minimum, is required. Banks will not loan without one. You can choose an informal business plan (as in handwritten notes) or a formal one (as in a large, electronic document with diagrams, profit and loss estimates, in-depth research, and other details). To secure funding, however, you will have to write a formal business plan.

With a solid, well-researched and well-written business plan, everyone involved in the venture gains an excellent grasp of the potential firm's most important aspects, such as: management duties, staff needs, client demographics, marketing tactics, core values, sales approaches, information on the competition, and beyond.

In the plan, a business owner can test, before launch, their assumptions about the need for their products or services. They can test whether their products are truly better or just different than the competition's offerings and also how best to leverage their firm's strengths to win a healthy market share. Author Guy Kawasaki states in his book, "The Art of the Start," "Even if you aren't trying to raise money, you should write one anyway."

Without a business plan, an owner will have no matrix for testing assumptions, no clear idea of who their ideal client is; they won't know how to best operate the business; they won't have a list of financial goals and milestones to work toward, and they'll have no clear picture of the market in which they hope to thrive.

But before you think that business plans have to be boring, hold onto your suits and ties! Depending on the type of business being developed, many plans can be refreshing and lively pieces of research that contain energetic writing and interesting graphics. Obviously, you'll want to avoid levity just for the sake of being funny, but there is no reason why you can't include some personality in your plan, so long as that personality does not detract from your message, negatively portray your corporate identity, or diminish your level of seriousness about the venture. When in doubt, a serious approach is always best.

A marketing plan is an important adjunct to a business plan. It is an in-depth, extremely detailed roadmap for how you will establish your brand and reach, entice, and retain customers for your new business. The marketing plan includes details on advertising, word-of-mouth marketing, business promotion, branding, community outreach (such as Chamber of Commerce mixers and networking groups), sales forecasting and other topics. Some companies combine the business and marketing plans into one long document. Some choose to produce a separate marketing plan. Either approach is fine; it just needs to work for your team.

With the marketing plan, a new (or existing) business can decide how it will reach and woo customers. For example, what will your company's logo look like? What are your company colors? What's your brand's promise? What's your core value to your customers? How will you reach potential clients? Will your company advertise on radio, television, in print, or will you use a combination of all three? How will you develop the necessary ad copy -- will you write it yourselves or hire outside help? Will you hire an advertising firm to assist you with your written collateral, or use a qualified copy writer instead? Will you have a Web site? If so, how will you develop that Web site, pay for it, and promote it?

Marketing plans also contain specific details on how your firm will take on its competition. In the plan, you produce an in-depth analysis of your competition's strengths and weaknesses and how your products or services measure up. For example, you look at how you can exploit your competition's weaknesses. How can you use their advertising against them? What is your plan if they begin attacking your brand and message in their advertising?

A little research on the Web provides a multitude of helpful discussions on business and marketing plan requirements, templates for writing your plans, and advice. If you are not a good writer, consider farming out that part of the project to a writer who specializes in producing business plans. And, before you decide that a business or marketing plan only applies to new businesses, think again. Even well-established companies can benefit greatly from developing solid business and marketing plans.

Both business and marketing plans are vital to understanding how to develop and grow an enterprise, but too few business owners realize the importance of having them. While generating these plans does not guarantee success, it does illuminate potential problems or misconceptions about the business and provide invaluable insight into what is required to make the company a success. Business and marketing plans provide an in-depth look at the company's brand and management, a detailed roadmap for successful operations, and a solid understanding of how the company can meet needs, woo customers, and create wealth.