BUSINESS PLANNING ESSENTIALS: PREPARING A BUSINESS PLAN
Kiran Chawla1

HOW TO CITE THIS ARTICLE:

ABSTRACT: This study was taken to analyse the aspects of business planning. A business plan is like a road map that helps you clearly see the opportunities and obstacles you'll inevitably face as you pursue your business idea. Preparing a plan takes a lot of time because a plan typically contains many sections and comprehensive information. But it's worth spending time on it. With a well-prepared plan, you stand a better chance of getting the support you need to succeed. This course describes what a business plan is, why you use it, and its main ingredients – opportunity, solution, execution, and outcomes. It also explains how to prepare to create your plan by defining your purpose clearly, doing proper research, and establishing goals. In addition, the course offers guidelines on how to write and structure your plan effectively by, for example, paying particular attention to the executive summary, telling a compelling story, and making sure your idea fits the business need.

KEYWORDS: Planning, Goals, Research, Resources, Opportunity.

INTRODUCTION: To understand the concept of a business plan and the business planning process in general, it is important to recognize that the plan is not a document. The plan may be presented through a planning document, but the business plan itself should be a set of management decisions about what a company will be doing to ensure success in the future. In its most basic form, business planning is the process whereby a company makes the following decisions:

- What products or services it will deliver.
- Where it will compete.
- Why the customer should do business with the company.
- How it will organize and reengineer itself to accomplish its goals.

Business planning is used, to some degree, by all organizations - large and small, for-profit and not-for-profit - regardless of the nature of the business. The scope and complexity of the business planning process and the resulting plan should mirror the size and complexity of the company and its business. For smaller companies that operate in a fairly stable business environment, the planning process may be an informal review of certain key aspects of the company's performance by a handful of top managers. As a company becomes larger, or as the business environment becomes less stable and less predictable, the planning process becomes more formal, comprehensive, and complex. More personnel are involved in reviewing and planning various aspects of the company's performance, and the time horizon addressed by planning decisions may extend farther into the future.
ELEMENTS OF BUSINESS PLAN: A business plan helps you clarify which developments your business or project should focus on. It gives you a logical framework within which to develop your business strategies over time. And while those strategies are unfolding, a plan acts as a benchmark against which actual performance can be measured. Finally, a plan is the key to giving you influence over the direction your business or department takes.

When you are creating a Plan, there are four Elements, or Broad Areas, you Typically Cover:

- **Opportunity:** The opportunity element of your business plan describes the problem your plan will solve, or how a particular business idea will benefit your department and the organization. It goes on to describe who has the problem or who will benefit from the idea, what trends affect the problem or idea, and how much people will be willing to spend. This section is essentially an investigation of the market.

- **Solution:** The solution addresses the opportunity you’ve identified by describing the product or service you’ll introduce, the change you’re proposing, or whatever your idea may involve. Issues you’ll address in this section include things like how the product or service works and how it solves a problem or provides a particular benefit, as well as its customer base, its price and positioning, and how it compares to competitors’ offerings.

- **Execution:** The execution element describes how you’ll develop your idea – be it a product or service or something else – to bring it to market or get it successfully implemented. In this section, you would consider what resources you’ll need to create and distribute your product. You’ll also need to consider how you’ll attain market share and preserve it. You should be clear about what might go wrong and how you’ll mitigate problems.

- **Outcomes:** The outcome element explains what you imagine the results will be if your plan is followed. You’ll anticipate sales and revenue over the coming years and explain how you’ll deal with changes in the market during that period.

The four elements will help you organize your thoughts as you begin to prepare your business plan. Consider your opportunity, your solution, the execution, and the likely outcomes of your business plan.

Your final business plan will tie each of these elements together into a coherent narrative, which you can then use to persuade your audience of the value of your business ideas and plan.
There are four main benefits of preparing a business plan. It helps you clarify what developments your business should focus on. It also gives you a framework within which to develop your business strategies. It acts as a benchmark against which actual performance can be measured, and it gives you influence over the direction your business or department takes.

**STEPS TO GREAT BUSINESS PLAN**

- Organize the planning process.
- Diagnosing the situation.
- Setting goals.
- Developing operating plans.
- Developing a financial plan.
- Writing the business plan document.

**BUSINESS PLAN PREPARATION:** When creating a business plan, success largely depends on how much preparation you put in. The vast majority of the work in an effective business plan is typically done in the preparatory stages. By closely following preparatory steps, you're less likely to leave out anything important from your plan. And once you’ve done the ground work, you should then find it easy to write your business plan and present it to its intended audience.

There are six steps in the planning process for developing business plans, some of which you may have noted in your response. You first define your mission, and then you do the required research. After that, you establish the goals of your plan. Next, identify the strategies you'll use to meet those goals. You'll then assess resources. Finally, you'll identify risks associated with implementing your plan.
Defining your Mission: When starting to develop your business plan, you first define your mission or purpose. Organize your thoughts by considering the four business plan elements. Think about what opportunity you'll pursue – for example the problem your plan addresses. Next, consider the solution – for example a product or service you'll create to solve the problem. Then think about the execution – how you'll bring that product or service to market. Finally, contemplate the likely outcomes of your plan.

When defining the mission or purpose of your business plan, it's also important to know who your audience will be. Different types of audiences will look at different aspects of the plan. While each audience will closely examine the sections that address their particular interests, they'll all be interested in the overall soundness of your plan.

Doing Research: The second step in preparing to develop your business plan is to do research. Initially, you should identify critical issues – for example, potential sources of internal funding and resource allocation.

Next, ensure any ideas you have align with your organization's strategy. This may require reviewing key corporate documents and strategic plans.

Then undertake situation, external, and gap analyses to ensure your plan is viable. And finally, consider the customer – how will this plan improve customer experience or satisfaction levels?

Establishing Goals: Having completed the research for your business plan, you then establish your goals. This is the third step in the preparatory process for developing a business plan. By establishing goals, you're setting out what your plan will aim for. You're also laying out the parameters within which your plan will operate.

When establishing your goals, it's important to be realistic about what you can achieve in implementing your business plan.

Don't be overly optimistic about what your plan will achieve, as is often the case with projected sales or revenue increases. Similarly, don't underestimate what financial and other resources you require to make your plan a reality, as it'll be hard to seek additional resources when your plan has already commenced.

If you're working at a departmental level, consider whether your goals conflict with those of other departments' plans. When a conflict occurs, work to achieve a compromise that is to the satisfaction of all involved.

Identifying Strategies: Identifying the strategies you'll use to fulfil your goals is the fourth step you'll take when preparing to develop your business plan. Strategies comprise the pattern of purposes, policies, and actions you undertake to achieve your plan's goals. Think about what strategies might fit best with your organization and business goals.

The strategies you adopt to pursue your plan's goals should clearly link to your department or organization’s environment. This is true even if they’re implemented to alter that environment. Your strategies should also be suitable, feasible, and acceptable to all involved in the plan.

Assessing Resources and Risks: Once you've identified the strategies you'll use, you then assess the resources available to you to fulfill your business plan. This is the fifth step in the preparatory process.
In any organization, there are a number of resources that you'll be able to use when preparing a business plan. Five types of resources are your people, your assets, IT, distribution, and finance.

Having assessed resources, the sixth and final step in the preparatory process for developing your business plan is to identify the risks involved. Every plan will have some risks. It's crucial that you acknowledge any risks your business plan entails, so you should create a contingency plan to deal with these risks becoming reality. Identify the three most likely market risks associated with your type of plan and list them as part of the plan.

Once you've completed each of the six steps in preparing to develop your business plan, you can then start working on the structure of the plan. By following these preparatory steps, you're more likely to create an effective business plan.

Preparation is of great importance when developing a business plan. Prepare for the development by discussing, thinking, researching, and analysing your business ideas.

There are six steps you should take when preparing to develop your business plan. The first of these is defining your mission. The second step is doing research to identify key issues related to your idea. The next step is establishing goals. Next, you need to identify strategies to achieve your goals and finally, you'll assess resources and identify risks.

**BUSINESS PLAN REVIEW:** Effective business plans capture their audience's attention. This increases the likelihood a plan will be accepted. They capture their audience by presenting a compelling narrative. Instead of lists of facts or figures, they tell a story the audience wants to hear. Such documents don't need to be very long. What's most important is that they're focused and clear, with the most relevant issues addressed succinctly.

**BUSINESS PLAN GUIDELINES:** By following certain guidelines, you can create an effective business plan that should capture your target audience’s attention and likely get their approval:

- For creating an effective business plan is to keep it short. Often people fill their business plans with superfluous facts and figures. They include absolutely every detail related to the business, the market, and competitors, instead of focusing on the most relevant. Including these extra details can drown out the specific points you're trying to convey to your audience.
- To pay special attention to the executive summary. The summary represents your opening argument. It's the most important section of the plan, as it's the first section your audience reads. You should write your executive summary first and spend time improving it. Be short and persuasive. Clearly define your business idea and the logic behind it. This will provide a theme for the rest of the plan.
- For creating an effective business plan is to tell a compelling story. Compiling an assortment of facts and figures is not enough to ensure your audience buys into your plan. You must construct a narrative that draws in your audience. This narrative should flow smoothly but also indicate to your audience you've considered other avenues and contingencies.
- Your business plan should fit the business need. Be clear about the business need your plan is addressing. If the plan is for internal approval, it will vary from plans aimed at seeking investment or securing a loan externally. Typically, a more polished presentation will be expected if your plan is for an external audience. No single business plan type fits all business needs.
CONCEPTUAL ARTICLE

- Your business plan must be realistic and specific. It should include achievable goals for its time line and likely budget. You’ll want to impress your audience, but if your goals aren't achievable, your business plan will lose credibility. Its goals should also be measurable. Include tasks, deadlines, forecasts, budgets, and other metrics that can be checked as the plan progresses. Without these metrics, it may be difficult to ascertain later if the plan has been fulfilled.
- For creating an effective business plan is to make it reader-friendly. Work on the page layout and writing style. Allow for adequate spacing and use a font that’s easy to read. Also use a simple and clear structure for headings and subheadings so the document is easy to navigate. Write the document clearly and concisely. Avoid long sentences and convoluted explanations. Consider whether to use a traditional document format or a more dynamic computer-based format.
- Your business plan will vary depending on its purpose. It typically comprises four major parts. These are the executive summary, the market opportunity, the implementation, and the contingencies. Complete each of these with your target audience in mind.

CONCLUSION(4): The primary value of your business plan will be to create a written outline that evaluates all aspects of the economic viability of your business venture including a description and analysis of your business prospects. We believe that preparing and maintaining a business plan is important for any business regardless of its size or nature. But it will not ensure your success. If you maintain a correct assessment of the changing economics of your business, your plan will provide a useful roadmap as well as a financing tool. But if you have miscalculated the potential, then your business plan could become a roadmap leading to failure.

A written Business Plan:
- Forces you to think realistically, objectively and unemotionally about your business.
- Leads to questioning of past and future assumptions.
- Makes it easier to communicate planning objectives and strategies to bankers, partners, employees, financial backers and so on.
- Helps to ensure that all aspects of the plan are clear and integrated.
- Serves as a reference point when determining the effects of alternative courses of action on business operations.
- Allows you to identify any areas where you may need external assistance.
- Allows you to plan the growth of your business and associated capital requirements.

REFERENCES:
## CONCEPTUAL ARTICLE

### AUTHORS:
- 1. Kiran Chawla

### PARTICULARS OF CONTRIBUTORS:
- 1. Business Development Manager, Department of Education & Training, CMC Ltd., New Delhi.

### NAME ADDRESS EMAIL ID OF THE CORRESPONDING AUTHOR:
Kiran Chawla,
F-54B, Om Vihar Extn.,
Uttam Nagar, New Delhi-59.
E-mail: chawla.kiran753@gmail.com

Date of Submission: 30/06/2015.
Date of Peer Review: 01/07/2015.
Date of Acceptance: 02/07/2015.
Date of Publishing: 08/07/2015.