

Business Plan Basics

The business plan is a tool to help you find and explore opportunities.

Students at any level of education can use the concept of preparing a business plan as a method of exploring all kinds of ideas for starting a business. It is merely a series of questions that lead you to think about the requirements and the possibilities of any kind of business. Until you start to ask these questions, you aren't able to visualize the details necessary to be successful in a business. There are many different approaches to writing a business plan, some more complex than others. But the basic components of a business plan can be organized as follows:

- * providing a description of the business,
- * choosing the best marketing strategy,
- * identifying the management plan, and
- * analyzing the finances needed to start the business and make it successful.



WHY DEVELOP A PLAN?

The **process of making choices** is the most important reason for anyone to learn how to write a business plan. It is fun to think of yourself as a business owner, to dream about your successes, and to talk about your ideas. But when you have to answer the specific questions of a business plan, you must make decisions about the direction your business will take...decisions that may show you that this idea is not likely to be successful. But, no problem, then you can go back and make different decisions until you find a way to be successful.

We sometimes hear people arguing that business owners don't always have a business plan...but perhaps they should. Once you are into the day-to-day operations of a business it may be too late. But most banks value a good business plan when you are looking for funds for your business. And in our educational system it is one tool that can be used to provide learning experiences that open students to the opportunities in their own community.

As a teacher, you can use the business plan as a learning activity at all levels of education. For very young students it can be included as part of a simulation about the processes of business. It can reinforce skills being taught in math, communications, spelling, art, and computer skills. In fact a teacher of history or geography could use the business creativity approach to identifying ways to start a business using their curriculum as the source of ideas. It could give students a closer feeling of what it was like to live in different times in history, or in different parts of the world.

Language teachers have a natural opportunity to teach use of a language for business in other countries by having students create a business for exporting or importing there. You might even connect students with these countries through the Internet.

The closer a student is to becoming an adult, the more important it is to give them real-life opportunities to practice making decisions about a business of their own. The practice of business planning is an experience important for the learning process. And every time a student does this decision-making the possibility of really starting a business becomes more tangible.

A VARIETY OF APPROACHES IN THE CLASSROOM

Many high school courses are teaching the skills of entrepreneurship. In such courses the teacher can give the students many types of challenges to develop a business plan for.....

- * a business needed in your town
- * a business using your own personal skills and talents
- * a business that involves exports to another country
- * a home-based business
- * a business that could be started with \$1,000
- * a business that would require \$50,000 to start
- * a business that would require \$1,000,000 to start
- * a franchise that you develop and offer nationally
- * a service business
- * a partnership between two students in the class
- * a corporation formed by small groups in the class
- * for the worst possible business idea you can imagine ...try it, you will be surprised.

For adult students it is critical to help them actually start a business...because that is why an adult is taking the course. In this case you must deal with realities of finance, skills, and personal abilities. They are beyond the time for dreaming and need help to get started.

TRY PACE

You can find real examples of a business plan in the PACE Entrepreneurship Training Materials available from The Ohio State University. If your state is a member of the Entrepreneurship Consortium you can expect a 30% discount off the regular price. PACE is developed at three levels, 1). for beginners, 2).for more advanced students, and 3). for the adults that are ready to start a business. See information under the resources section of this newsletter, or call us a 1-800-848-4815 (ext.2)

The following activity is designed for you to give students a chance to learn how to plan a business and experience the process of decision-making that will enable them to do the real thing some time in their lives.

BUSINESS PLAN QUESTIONS

The business plan is a tool designed to help you find and explore opportunities. It also provides you with a way to analyze potential opportunities continuously. A business plan is personal and should never be "canned" or prepared professionally by others. No one knows you or your ideas better than you do. It is the process of seeking the answers to important questions about your enterprise that are important as you try to realize the dream of owning your own business.

Use the following questions to make decision about a business idea of your choice. Be sure to write out your answers...to remember your decisions and build on them.

1. How can you describe the business...in only one paragraph please?
2. What is your product, or service?
3. Who will buy it?
4. Where should you locate the business?
5. How can you attract customers?
6. What is your competition?
7. How much should you charge for the products or service?
8. What advice do you need and who can provide it?
9. How will you organize the managers and/or workers of the business?

10. How will you split the profits? Who is responsible for the losses?
11. What should you consider to be able to produce the product and get it to the customer?
12. How much money is needed to get the business started?
13. How many customers will you have per month and how much will they buy per month?
14. How much does it cost to make the product or provide the service?
15. What are your operating costs? (Include your own salary)
16. How much money will your business earn each month by selling your product or service?
17. How much investment will you need to keep the business going until you make a profit?
18. What is your potential profit per year for Year I, Year II, and Year III?
19. How much money do you need to borrow to start this business?
20. How will you make the business grow in the future?

There are other questions you might ask depending on the type of business you have in mind. There are many different formats for a business plan based on what you need for the business of your choice. The point is to start asking yourself questions and then looking for the answers.

Are you having trouble getting started? Perhaps you should interview a local business owner about these decisions in relation to the startup of that business. Write down the answers and discuss them with other students to decide how you would have started such a business.

Ideas for Starters

You might want to think about some of the following types of business to get your business plan "thinking processes" moving:

- Lemonade stand
- Refreshment stand at local games
- Child care
- Hot dog stand
- Yard care
- Developing a web page for others
- Youth community center
- Shopping service for seniors
- Pet sitting
- Delivery services
- House cleaning service
- Janitorial services for local businesses
- Selling used clothes
- Jewelry making
- Catalog sales
- Temporaries agency
- Computer service business
- Add value to an existing product
(packaging, new marketing, local crafts design, new customers, different size)
- Travel services
- Musical group
- Repair services (shoes, electrical equipment, cars, clothing, etc.)

QUESTIONS FOR CREATIVE THINKING

Use some of the following questions to guide your thinking about starting a business:

- A. What kind of business would you start if your family would lend you \$5000 to get it started?
- B. What kind of business would you start if you and two classmates had access to a loan for \$100,000?
- C. What kind of business could you start if you want to do business with another country?
- D. What type of business could you start while still going to school?
- E. What type of business could you start using the skills you have now?
- F. What type of business could you run while also working in a part time job (to provide the security of a salary while the business grows)?
- G. How could you start a business and then later make it into your own franchising business for purposes of expansion?

After developing your business plan you will want to discuss your ideas with the class or an advisor to improve your plan and determine what you learned in the process of preparing a business plan. Now that you are thinking like an entrepreneur you may find these same questions pop up about many different business possibilities as you experience new opportunities in life.