**Entrepreneurship Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Ch. 3 – Business Plan**

**Creating a Business Plan**

* Helps entrepreneurs make realistic decisions about starting and operating a business.
* The business plan is a physical statement of business goals and how the entrepreneur will achieve them.
* The entrepreneur must decide a chosen business and product to deliver.

**12 Parts of a Business Plan**

|  |  |
| --- | --- |
| Cover Page | Social Media Marketing Plan |
| Executive Summary | Operating Plan |
| Company Description | Funds Required & Expected Uses |
| Description of Products and Services  | Financial Statements |
| Market Analysis | Owner’s Credentials |
| Marketing Plan | Supplemental Attachments |

**Executive Summary and Direction**

* The component of a business plan that reviews what the business is and how it plans to profit.

**Management Plan**

* How a company will be organized.
* Defining the importance of technology in operating and managing a business.

**3 Questions to be asked:**

* Will the entrepreneur be the only employee?
* How many employees are needed for the business to function?
* How much will the business have to profit to hire more employees?

**Marketing Plan**

* Strategy for how a business will generate revenues.
* Marketing plans include: logos, tag lines, target audience, market analysis, competitive analysis.
* Strategy for how products are sold to customers, copyrights, trademarks and patents.

**Market Analysis**

* Done to investigate the target audience of their product or service.
* Analyze the market their business operates in and collect information about prospective consumer needs and wants.

**Financial Plan**

* The most critical part of a Business Plan on how to fund a start-up.
* Financial Plans are strategies on how
	+ A business obtains start-up capital
	+ Identifying sources of financing
	+ Assesses costs and benefits of resources.
* May need to use external resources to supplement your expertise to ensure costs are interpreted properly.
	+ Consulting others; an accountant, another businessperson or internet resources.

Revenue – income earned by businesses.

Expenses – costs expected to incur.

Pro Forma Financial Statements

* *Projections* of what the entrepreneur expects out of the sales and expense of the business.
* Gives an entrepreneur and future investors a good idea of what the finances might look like in the future.

**3 Factors are Forecasted in Pro Forma Financial Statements**

1. **Projected Income and Revenue**

* Entrepreneurs look at trends, market analysis and other factors to develop an expectation of profit.
* Pro forma Income Statement – statement of profit expectations within a financial statement.

2. **Projected Cash Flow**

* Summarize what can be expected for input and output of money in their venture.
* Entrepreneurs look at investments, expenses and operational costs that affect business cash flow.
* Pro Forma Cash Flow Statement - Statement of projected expenses and revenue within a financial statement.

3. **Projected Net Worth**

* The total value of a business determined by assets minus liabilities.
* Pro Forma Balance Sheet – Statement that explains the company’s expected net worth.

**Appendix**

* Final portion of the Business plan.
* Provides all additional information needed.
* Including; photographs, resumes, blueprints, etc.

**Business Plan Resources**

* Used to help build the Business Plan.
* Business Model Canvas template is used to sketch out the details specific to the business.

**9 Areas Outlined in Business Canvas Model**

Helps the entrepreneur determine value of products/services to their customers.

1. **Customer Segments**

* + Define customers into categories based on shared attributes and behavior.

2. **Value Propositions**

* + Outlines the value a product/service brings to a customer segment.
	+ This is the reason customers choose one business over another.

3. **Key Activities**

* + Necessary actions that must be taken to deliver a value proposition.
	+ Activities vary based on business type.
	+ For example:
		- manufacturing – production
		- problem solving – critical thinking skills.

4. **Key Resources**

* + Assets needed to create a value proposition.
	+ For example: credit, cash, patent, copyright.

5. **Key Partners**

* + Businesses don’t work alone. There are many that make a business work; a network of alliances help businesses to reach its goals.
	+ Examples: Suppliers, vendors, etc.

6. **Channels**

* + Avenues for business to deliver the value propositions to customer segments.

7. **Customer Relationships**

* + How will customers relationships be maintained.
	+ For example: Level of interaction and communication.

8. **Revenue Streams**

* + Sources of revenue reflect the value customers are willing to pay.
	+ Many forms exist: subscription fees, one time purchases, licensing, leases.

9. **Cost Structure**

* + Calculate costs they will incur.
	+ Careful analysis of key resources, activities and partnerships are defined.

Draw and Label the **Business Model Canvas** (pg. 49 in book)

A business will need to research and study business plans of their competitors to determine the best method for creating their own business plan.

Check out the **List of Website Resources for Business Plans and Templates –** Give a summary of each website below.

-[sba.gov/tools/business-plan/1](http://sba.gov/tools/business-plan/1)

-[bplans.com](https://www.bplans.com/)

-[leanstack.com/lean-canvas](https://leanstack.com/lean-canvas)

-[Businessmodelgeneration.com/canvas/bmc](https://www.strategyzer.com/library/the-business-model-canvas)

**Sharing a Business Plan**

* Business plans and supporting documents are used to obtain a loan or draw in investors.
* Entrepreneurs should be able to give a short presentation to an audience to explain their business venture.

**A Business Plan**

* Helps entrepreneurs gain insight into their goals by writing a plan.
* A professional business plan conveys the seriousness of a business venture.

**Tips to Presenting a Business Plan**

* Demonstrate the need and value of the business ideas.
* Define strategic plan clearly (use the Business Model Canvas)
* Know every piece of financial data and how it was calculated.
* Make regular eye-contact with the audience.
* Be prepared to respond to questions and challenges of the audience.

**Read and Discuss Case Study** – Ethics in Entrepreneurship pg. 50

* Do you agree or disagree with Samuel’s approach?
* If you were Samuel, how would you handle the situation?
* What other areas of his business plan could be revised to help him profit sooner without having to fabricate financial data?

Get Inspired, pg. 51

*Instructions: Read over Community Change-Maker Leads with Authenticity and Transparency and summarize in 10 sentences in the space provided below.*

**Build-It,** pg. 52

**Company Description**

* Section of a business plan provides the reader with a brief overview of the company.
* Including: business name, a summary of the business, and the location of the business.
* Usually placed at the beginning of the business plan but written last.

1. **Company Name**

* The business name tell potential customers who you are and what you do.

2. **General Summary of the Business**

* A basic summary communicates what products or services a business offers.

3. **Industry Classification of the Business**

* The industry that your business will fall under.

4. **Location of the Business**

* Where the day-to-day operations of the business will take place.

5. **Year Established**

* The year the business was formed.

6. **Primary Function of the Business**

* The main products or services provided by the business.

7. **Employees**

* The number of employees (if any) who will be working for the company, as well as their job titles.

8. **Business Advisors**

* Individuals (if any) who will be providing advice on legal, insurance and accounting issues.

**Mission Statement**

* Formal explanation of a company’s goals, and will indicate what a company does and why.

**Crafting Your Company Description & Mission Statement**

* What potential business names can you brainstorm?
* What products or services will your company sell?
* What type of business ownership will you establish?
* What industry will your business be classified as?
* Where will your business operate and when do you plan on launching your business?
* Will you have employees or business advisors?

**Wrap-up Project**

*Instructions: Develop a business idea you would/could actually create. This is your time to be creative. Fill in the spaces below with your personal business information. Be realistic, yet creative. You will be creating a MS PowerPoint Presentation on your business idea and presenting it to your class.*