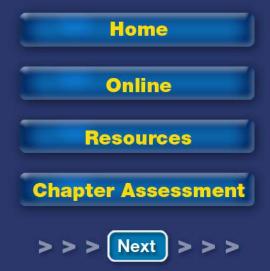


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Chapter 5 Entrepreneurship

Section 5.2 The Business Plan



The Business Plan

Reading Guide



Read to Learn

- Describe how to prepare for your own business.
- Discuss the parts of a business plan.

The Business Plan

Reading Guide



The Main Idea

Once an entrepreneur discovers a good business opportunity, the next step is to do market research. Market research helps to determine whether there will be a demand for a new product or service. It can also uncover issues to address in a business plan.

The Business Plan

Reading Guide

Key Concepts

- Initial Steps in Setting up a Business Plan
- Parts of a Business Plan

The Business Plan

Reading Guide



Key Term

business plan a written description of a new business venture that describes all aspects of the business

executive summary

a brief account of the key points contained in a business plan

The Business Plan

Reading Guide



Key Term

vision statement

establishes the scope and purpose of a company and reflects its values and beliefs

mission statement

expresses the specific aspiration of a company, the major goals it will try to reach

Initial Steps in Setting up a Business

Doing market research and writing a business plan are the first steps in setting up a business.



business plan

a written description of a new business venture that describes all aspects of the business

The Business Plan

Graphic Organizer

Checklist for Starting a Venture

- What will I produce?
- Who are my main competitors?
- Why is my product or service needed?
- How much will my product or service cost to produce?
- How many people will I need to run the business?
- What physical facilities will I need?
- What licenses, permits, or other legal documents do I need?
- How much money will I need to get started?

Section 5.2

Parts of a Business Plan

A business plan must be well organized and easy to read.

There are 15 essential parts of a business plan.

Executive Summary

The executive summary should be short and contain the most important information from each section of the business plan.

Key Term



a brief account of the key points contained in a business plan.

Section 5.2

Management Team Plan

The management team plan presents your qualifications and those of any partners you might have.

You should discuss how you will fill gaps in expertise.

Section 5.2

Company Description

The description of the firm provides an outline of the business and helps investors understand the size, scope, and type of business you plan to start.

Section 5.2

Product and Service Plan

The product and service plan describes the product or service you want to offer along with possible spin-offs.

Vision and Mission Statements

The vision statement and the mission statement sections state the guiding principles of your business.

Key Terms

vision statement

establishes the scope and purpose of a company and reflects its values and beliefs

mission statement

expresses the specific aspirations of a company and the goals it will try to reach

The Business Plan



Mission Statements

A mission statement should clearly express a company's main goals. Find an example of a good mission statement on the Internet.

Section 5.2

Industry Overview

The industry overview presents your research of the industry.

Discuss trends and growth within the industry.

Section 5.2

Market Analysis

In the market analysis section, you should include geographic, economic, and demographic data about the target market and business location.

Section 5.2

Competitive Analysis

How does your business have an advantage over your competition?

Gather information on your competitors by talking to their customers, vendors, suppliers, and employees.

The Business Plan

Marketing Plan

A marketing plan discusses how a company makes its customers aware of its products or services.

Parts of the Marketing Plan

Market niche

Pricing

Company image

Marketing tactics

Media plan

Marketing budget

Section 5.2

Operational Plan

The operational plan includes the business processes that result in production and delivery of the product or service.

Section 5.2

Organizational Plan

The organizational plan describes the people who will run the firm as well as management's philosophy.

Discuss the form of the organization, such as sole proprietorship.

Section 5.2

Financial Plan

The financial plan presents forecasts for the business.

The plan provides proof that the new business will be financially healthy.

Section 5.2

Growth Plan

The growth plan looks at how the business will expand in the future.

Investors and lenders like to know that a business plans to grow and deal with growth.

Section 5.2

Contingency Plan

The contingency plan looks at likely risks to the business and ways to minimize those risks.

Cover Page, Title Page, Table of Contents, and Supporting Documents

The cover page should include:

Company name

Address

Phone number

Web site

E-mail addresses

Company logo

Cover Page, Title Page, Table of Contents, and Supporting Documents

The title page should include:

Company name

Names, titles, and addresses of the owners

The date the plan was submitted

The name of the preparer

The Business Plan

Cover Page, Title Page, Table of Contents, and Supporting Documents

The table of contents details the components of the business plan.

The Business Plan

Cover Page, Title Page, Table of Contents, and Supporting Documents

Supporting documents include exhibits and other information relevant to the business.

The Business Plan

Figure 5.2

Parts of a Business Plan



The Business Plan

Section 5.2



1. Why is a business plan important?

It gives important information before embarking upon the venture and helps sell lenders and investors on the plan.

The Business Plan

Section 5.2



To know they are competing against, allowing them to figure out how they will attract customers.

The Business Plan

Section 5.2



3. Why is a growth plan important in a business plan?

It shows the business can grow beyond the initial stage of development.

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End of Chapter 5
Entrepreneurship

Section 5.2 The Business Plan

