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Title

ROLE OF A BUSINESS PLAN IN BUSINESS PROMOTION

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Abstract:

A business plan conveys the business goals, the strategies called biz plan. They will use to meet them, potential problems that may confront the business and ways to solve them, the organizational structure of the business (including titles and responsibilities), and finally, the amount of capital required to finance the venture and keep it going until it breaks even. This study deals with various meaning and importance, types of business plan along with its importance. Also deals with various essential components of a business plan and its easy norms with valuable valid reasons. It provides guidelines to prepare and implement to achieve the objective of the entrepreneur. This study helps learners to understand the necessity of the business plan clearly, provides required strategy and helps to implement successfully for the success achievement of any business.

Key Words: Biz plan, Business Plan, Entrepreneur, Business goals, Strategy

Introduction:

A business plan is a written description of a business's future. That is all about a document that describes what a Business promoter or an Entrepreneur planned to do and how they plan to do it. If they jot down a paragraph on the back of an envelope describing their business strategy, they've written a plan, or at least the germ of a plan. Business plans can help to perform a number of tasks for those who write and read them. They are used by investment-seeking entrepreneurs to convey their vision to potential investors. They may also be used by firms that are trying to attract key employees, prospect for new business, deal with suppliers or simply to understand how to manage their companies better.

A business plan conveys the business goals, the strategies They will use to meet them, potential problems that may confront the business and ways to solve them, the organizational structure of the business (including titles and responsibilities), and finally, the amount of capital required to finance the venture and keep it going until it breaks even. A great business plan is the best way to start a business. It prepares the entrepreneur to face many obstacles and avenues that may come up and be utilized. A great business plan will pave the way for funding my means of bank loans

and investors and will outline everything from the business name to promotional marketing, market share to the sales strategy. A great business plan is like having their own personal guidebook to success, expanding on the avenues for growth and highlighting ways to avoid failure.

Meaning and importance:

“A business plan is any plan that works for a business to look ahead, allocate resources, focus on key points, and prepare for problems and opportunities.” Unfortunately, many people think of business plans only for starting a new business or applying for business loans. But they are also vital for running a business, whether or not the business needs new loans or new investments. Businesses need plans to optimize growth and development according to priorities.

A business plan is simply a resume for the proposed business. Its primary importance is that the business plan going in to talk to a property manager about leasing space for the business, or they are meeting with a potential lender or investor, the business plan.

1. In most cases, a business plan is created to explain and illustrate the vision they have for the business, and to persuade others to help they achieve that vision. To accomplish this, the plan needs to be demonstrated on paper that they have a firm visualization of what the business is going to be.
2. It needs to convince others that the business concept can be successful and that they possess the expertise-alone or collectively-to assure that it will be both successful and profitable.
3. While it is obviously important to be able to present the business concept in a way that allows others to understand quickly and precisely what they hope to be doing, they also need to develop a business plan for their own use.
4. The process of developing the business plan will require that they to focus on exactly what are trying to achieve, precisely where they want to be going to attain , and exactly how they plan to reach there.

5. It will force to detail many expenses involved to open the business, the projected sales and monthly expenses of actual operation, and the volume of business they will need to generate to meet the obligations.

All of this information will greatly influence many choices, including the kind of location they will be looking for.

Types of Business Plans:

There are basically two types of business plans that we create for clients who are looking to open their own retail espresso operation. Both business plans are designed to help they develop their new business from conceptualization to opening day. Once they are actively operating on a daily basis, both of these business plans will have achieved their purpose. From that point on, they will be gathering and measuring the actual performance data of their operation as the basis for planning their future.

Concept Presentation Plan

Concept Presentation Plans are typically 10- to 24-pages long, and basically describes business concept, products, principals (owners and key management), target market, trends in the industry, etc. This type of plan contains no financial projections or financial statements. Its primary purpose is to convince landlords and property managers those who has a sound and appealing business concept, and that they are interested in negotiating for the lease of an available space.

Full Financial Business Plan

Typically, It is a Full Financial Business Plan to borrow money from a bank, or to entice investors to lend their money. Depending upon the contents, it can consist of anywhere from 25 to 100 pages of information. It can contain all the elements of the concept presentation plan, but primarily it examines in-depth what the total costs of the project will be, when it will meet break-even, when it will turn a profit, and what level of return they can expect out of it.

Everyone who opens a retail business should have a full financial business plan completed before they open. It is probably more important for them, than anyone else, to be able to see the potential profit and loss for their proposed business. The extensive research, which will be necessary to project expenses, sales, and profitability, is essential to their understanding of the financial operation of the business. The importance of each of the management functions-setting menu prices, establishing cost of sales and expense budgets, creating sales goals-can only be appreciated when understood individually, and as they relate to the overall financial statement.

If anyone operating a landscaping business asks himself these questions:

1. How are they going to distinguish their business from the competitor?
2. Are they going to attack their competition with price - a bad idea in most cases - or by adding benefits for their customers?
3. What value-added benefits are they going to offer?
4. Are they going to offer a seasonal package of services or are they going to charge by the visit?
5. Are they going to include fertilizing and weed control together with lawn maintenance or are those services going to be extra?
6. Are products like fertilizer paid for separately?
7. Are they going to charge their customers the same price for fertilizer they pay or un-charge them?

By answering questions like these, they will be able to make decisions about what services they want to offer and what revenue streams they can expect to have once they are in operation. They need to identify their potential revenue streams because it is those streams that fuel their sales. The greater number of revenue streams they have, the greater chance they have to build their sales. They also need to know what services they are going to offer because they need to know what skills their employees require. If they aren't a certified 'this' or 'that', then They will need to have someone on their team who is if it is a requirement.

Let's look at a clothing store. Say they have decided that they want to open a ladies' wear outlet in the local mall. The following questions are reminded:

1. Are they going to carry accessories?
2. What about outerwear?
3. Are they going carry sportswear or business wear or both?
4. What is their price point?
5. Are they going to offer an alterations service?
6. Is it going to be in-house?
7. Are they going to charge for the service or include it in the price of purchases?

1) The Industry

When they start out on this important document, they should begin with outlining the industry that they plan to run their business in.

1. Define what the company will do. If it's a shop, what will it sell and how is it relevant to the industry?
2. If it's a service, then how will their service benefit the industry?
3. Have a clear idea of exactly what products or services they plan to sell. If they want to open a shop, and then find out why their stock will sell well, how it fills a gap in the industry or why it is unique?

If it's a service, then ensure they understand every aspect of the service and what education or training it might require.

2) The Market

In their new business venture, who will be their customer be? Do they research to discover the details of the demographic they plan to sell to? Knowing their customer means they can tailor their business to service them effectively and market their product or service to their needs.

1. Do they know the scope and size of their target market? Is it a mass market or a niche market?
2. Are there trends in the market and if so what are they?
3. How will they capitalize on these trends?
4. Who is the competition?
5. What other brands, products or services are out there competing for the attention of their target market?
6. What do they expect their share of this market is?
7. How will they capture this share of the market?
8. What marketing and strategies will they employ to capture their share of the market?

3) Operation

This is the Nitty-gritty part of the plan now.

1. Where are they planning on locating their business and why?
2. What facilities will they need and can they afford?
3. What will their staffing requirements be?
4. What will their sales strategy be?

This part is where they define exactly they might need to achieve their business plan.

4) Management

If their business will require staff, then they will need to put a management plan into place.

1. A management plan will define the organisation in terms of the hierarchy of the employees; who is the boss, and who reports to whom?
2. Will their business require a company strategy of owners, shareholders, directors and committees? IF so how will they decide on these roles and who will they choose?

3. What benefits, incentives and rewards will they employ to get the most out of their staff in terms of productivity and loyalty?

5) Finance

Here is the fulcrum that they plan rests on. This part of the plan will outline how they plan to source funds for start up, how to generate income and how to manage cash flow.

1. Will their income be steady all year round or will they have periods of high and low financial activity?
2. Will they have enough income to employ promotional marketing strategies and if so, what will be the budget?

Importance of Business Plan for Business Promotion:

At least half of the many small business owners that we work with do not have a written business plan. When we ask them why, they most often reply by stating their belief that a business plan is only useful when a company is looking for investors. Others believe that their business is so simple (for example, a taco stand), that it doesn't even need a plan. Although a written business plan is a vital prerequisite to securing financing, a well-thought out plan can be an invaluable tool, because writing one requires they to focus on where they are and where they want to be.

1. Did they fall short of their first year income forecasts?
2. Writing a plan after the fact will help they determine why they didn't meet that goal. Was it a problem with their marketing?
3. Did they underestimate their competition?
4. Are their costs out of whack?

All of this information will greatly influence how they continue to run their business. Many business consultants argue that a business plan is simply a resume for the business, and should read like a resume. However, we believe that when written well, a business plan should read like

a novel; a narrative with a beginning, middle, and an end, complete with defined chapters, engaging characters, and a powerful message.

Keeping with the novel analogy, a business plan can be further categorized as **a work of fiction** (if the business hasn't yet been started), or **a biography** (if it's already in operation). A fictional plan tells the story of a man or woman with a *vision*; a dream that will change the world in some way, and what the protagonist must do in order to make that dream come true. It describes the many challenges that need to be overcome, the sacrifices that need to be made, and (naturally) must include a happy ending in the form of financial success. A biographical plan tells the fascinating history of a successful company and the people who made it possible. It describes the challenges they overcame in bringing their dreams to fruition, their vision of the future, and what they must do to achieve that vision.

Need of a business plan:

Perfect business plans run from fifty to one hundred pages and usually take months to write. So while one entrepreneur may be locked in their room for months, cranking out a perfect business plan, another entrepreneur may be pitching ideas and actually turning profit. To an extent, an entrepreneur needs a plan. The length and time that goes into creating it, however, is its most crucial aspect. Writing a business plan not only helps an entrepreneur determine whether a business idea is feasible, it also establishes a map for the company's future. At the same time, a biz plan should not take months to write. If an entrepreneur takes this road, they could suffer from "analysis paralysis"-a plan that takes so long to create that the business never actually starts. In addition, long, overly-detailed business plans usually become thoughts that never end up happening. Talk to any angel investor or venture capitalist, and almost every single one will tell they that they've never read a plan submitted to them by an entrepreneur. The truth of the matter is, most business plans are not accurate descriptions of what will actually happen.

Essential components of a simple business plan:

If a business promoter has a business plan which includes the main components as stated below. The order of these essentials doesn't matter that much, but here's the outline order which majority of the business plan posses.

- Executive Summary: Write this last. It's just a page or two of highlights.
- Company Description: Legal establishment, history, start-up plans, etc.
- Product or Service: Describe what you're selling. Focus on customer benefits.
- Market Analysis: You need to know your market, customer needs, where they are, how to reach them, etc.
- Strategy and Implementation: Be specific. Include management responsibilities with dates and budget.
- Management Team: Include backgrounds of key members of the team, personnel strategy, and details.
- Financial Plan: Include profit and loss, cash flow, balance sheet, break-even analysis, assumptions, business ratios, etc.

There is no hard and fast rule to developing the plan in the same order as stated above, but one can present it as a finished document. For example, although the Executive Summary comes as the first section of a business plan, normally it is recommended, writing it after everything else is done.

Who Needs a Business Plan ?

Any interested person who has business idea and needs a business plan if they are running a business. A business plan is like a map and a compass for a business. Without it one can travel as a blind. With a plan one can set objectives, establish priorities, and provide for cash flow.

Any business promoted needs a business plan provided in any of the following situation. Provided,

If they are applying for a business loan

Most banks require it, and even those that don't strictly require it expect it. They expect it to be a summary of the business, with some predictable key points.

If they're looking for business investment

The plan won't get them the investment, but not having a plan will mean they won't get investment. Investors require a business plan. They invest in the people, the idea, the track records, the market, the technology, and other factors; but they look to the business plan to define and explain the business.

If they're working with partners

The business plan defines agreements between partners about what's going to happen.

To communicate with a management team

The day-to-day business routine is distracting, problems come up, opportunities appear, and commitments should be followed and tracked. How do they know where they are in business without establishing where they started and where they intended to go? How can people commit to a plan they can't see?

To sell a business, or to set a value on a business for tax or other purposes such as estate planning, or divorce

Sadly, many of the people who need a plan don't know they need it. They get trapped by the myths of business planning. They don't realize that plans are not just for start-ups, loans, or investment. They don't realize that business plans are easier to develop than most people think. To succeed in business one simply must plan the steps, set priorities, allocate resources, and manage the cash. Sure, some people say they don't plan, but if they're successful then they're actually always planning in their heads. And they can keep that plan in their head if their business is very simple, cash flow is always adequate, they don't work with other people, and they don't need to communicate their business plan with other people either.

Don't accept disadvantages in business. Don't try to run without a plan. Doing a plan is probably much easier than one thinks, and much more valuable.

Role of Business Plan in a Strategy of an Entrepreneur:

Each **entrepreneur** must have a business plan if he really wants to achieve success and make his business prosperous. First of all, it would be expedient to mention that time is extremely valuable for an *entrepreneur*. It is even much more important than the income. The point is that any activity intended to bring income to them is considered to be an exchange of time for money. And no matter what kind of activity they are engaged in. An entrepreneur has goals that he aspires to achieve. Besides, his business is the means by which he wants to attain his personal goals.

1. The entrepreneurs who have already started a business know about it from their own experience.
2. Talking about a business plan as an integral part of starting a business, we shouldn't forget that it is needed not just to make the business work. A correctly written business plan will accompany an enterprise or a company as long as it exists.
3. Talking about a business plan as an integral part of starting a business, he shouldn't forget that it is needed not just to make the business work. A correctly written business plan will accompany an enterprise or a company as long as it exists.
4. Business plans are extremely important for enterprise development. However, it concerns a professional business plan for creating, which much time and effort have been spent, and only real data have been taken into account while making it. Each business plan is a development of business running strategy. If a business development is going to correspond to an effective business plan, then positive results will be undoubtedly achieved.
5. The importance of a business plan can hardly be exaggerated. And every entrepreneur should know about the fact that a correctly written business plan can easily predict whether the business is going to be successful. Therefore the process of creating a business plan should be treated seriously because much depends on it. If some market or economy changes take place, the enterprise must react to them as quickly as possible in order to be able to preserve its stability. This is where professional business plans can help.

6. The whole time when the enterprise works, changes in its work happening due to constantly changing conditions of market relations reflect in a business plan. Some corrections in business running strategy occur.
7. Analyzing all the changes that have been made in a business plan, an entrepreneur can determine the strongest and weakest sides of his business and remove the weak sides by means of making further corrections.
8. A business plan will also show the results of the work performed within some certain period of time and will help to achieve a new level of their business development.

Steps to be taken by an entrepreneur towards an effective business plan

Business without a plan is like a bird without wings. This is the main thing that a beginning entrepreneur should memorize. All entrepreneurs need a business plan at some point of their activity. Such necessity arises when they want to realize their ideas about starting a business of their own and think what to begin with. There are two main ways of creating a business plan – to use the **services of a consulting firm** (however, it can cost they a lot) or do it by themselves. In one way or another, an entrepreneur should keep in mind that a business plan reflects **the perspectives of his business** development.

Valid 15 Reasons to have a Business Plan:

Why do they want a business plan? They already know the obvious reasons, but there are so many other good reasons to create a business plan that many business owners don't know about. So, just for a change, let's take a look at the less obvious reasons first and finish with the ones they probably already know about. Think of this as a late-show top 10, with us building up to the most important reasons they need a business plan.

15. Set specific objectives for managers. Good management requires setting specific objectives and then tracking and following up. It is a surprise to know, how many existing businesses manage without a plan. How do they establish what's supposed to happen? In truth, they are really just taking a short cut and planning in their head and good for them if they can do it--but as their business grows they want to organize and plan better, and communicate the priorities better. Be strategic. Develop a plan; don't just wing it.

14. Share their strategy, priorities and specific action points with their spouse, partner or significant other. Their business life goes by so quickly: a rush of answering phone calls, putting out fires, etc. Don't the other people in their business life need to know what's supposed to be happening? Don't they want them to know?

13. Deal with displacement. Displacement is probably by far the most important practical business concept they've never heard of. It goes like this: "Whatever they do is something else they don't do." Displacement lives at the heart of all small-business strategy. At least most people have never heard of it.

12. Decide whether or not to rent new space. Rent is a new obligation, usually a fixed cost. Do their growth prospects and plans justify taking on this increased fixed cost? Shouldn't that be in their business plan?

11. Hire new people. This is another new obligation (a fixed cost) that increases their risk. How will new people help their business grow and prosper? What exactly are they supposed to be doing? The rationale for hiring should be in their business plan.

10. Decide whether they need new assets, how many, and whether to buy or lease them. Use their business plan to help decide what's going to happen in the long term, which should be an important input to the classic make vs. buy. How long will this important purchase last in their plan?

9. Share and explain business objectives with their management team, employees and new hires. Make selected portions of their business plan part of their new employee training.

8. Develop new business alliances. Use their plan to set targets for new alliances, and selected portions of their plan to communicate with those alliances.

7. Deal with professionals. Share selected highlights or their plans with their attorneys and accountants, and, if this is relevant to them, consultants.

6. Sell their business. Usually the business plan is a very important part of selling the business. Help buyers understand what they have, what it's worth and why they want it.

5. Valuation of the business for formal transactions related to divorce, inheritance, estate planning and tax issues Valuation is the term for establishing how much their business is worth.

Usually that takes a business plan, as well as a professional with experience. The plan tells the valuation expert what their business is doing, when, why and how much that will cost and how much it will produce.

4. Create a new business. Use a plan to establish the right steps to starting a new business, including what they need to do, what resources will be required, and what they expect to happen.

3. Seek investment for a business, whether it's a startup or not Investors need to see a business plan before they decide whether or not to invest. They will expect the plan to cover all the main points.

2. Back up a business loan application. Like investors, lenders want to see the plan and will expect the plan to cover the main points.

1. Grow their existing business. Establish strategy and allocate resources according to strategic priority. They can find more information about growing their business with a business plan by reading “Existing Companies Need Planning, Too .

Conclusion:

A good business plan follows generally accepted guidelines for both form and content. There are three primary parts. **The first is the *business concept***, where they discuss the industry, their business structure, their particular product or service, and how they plan to make their business a success. **The second is the *marketplace section***, in which they describe and analyze potential customers: who and where they are, what makes them buy and so on. Here, they also describe the competition and how they will position themselves to beat it. **Finally, the *financial section*** contains their income and cash flow statement, balance sheet and other financial ratios, such as break-even analyses. This part may require help from their accountant and a good spreadsheet software program.

As stated earlier, an entrepreneur needs some type of plan. A successful entrepreneur must be able to evaluate the product's market, financial potential, and startup costs. By writing these in a bulleted list with the addition of goals to check at the end of each month, the entrepreneur will already be ahead of the game. Including a timeline and measurable objectives to help the

company stay accountable and know when it's being successful is another important aspect to writing a personal biz plan.

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