

Business Plans



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Business Plans

*RECOMMENDED
RESOURCES*



A Planning Guide for Small and Medium Wood Products Companies: The Keys to Success

by J. Howe and S. Bratkovich

USDA Forest Service, Northeastern Area NA-TP-09-95 (1995)

Sources of Market Information for the Forest Products Industry

by E. Wagner, D. Fell, E. Hansen and C. Gaston

Solutions Forest Business, Oregon State University (July 2003)

Marketing Guide

Small Business BC (October 2004)



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Component #4 – Business Plans

Business Plans

A business plan is a written document with three basic objectives:

- ① to identify the nature of the business opportunity
- ② to show how a company will turn opportunity into profit over time
- ③ to sell the business concept

*If you don't know where you are going,
how will you know when you are lost?*



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Who is the audience?

- management
- employees
- communities
- suppliers
- distributors
- government
- **financial institutions**
- **investors**



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What makes a successful business?

- a viable business concept
- an understanding of the market
- the health and trends of the industry
- strategic thinking and focus
- capable management and good employees
- financial control and acumen
- the ability to anticipate and adapt to change
- values and integrity



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The business plan process

- ① laying out the basic business concept
- ② gathering data on the feasibility of concept
- ③ focusing and refining concept
- ④ outlining the business specifics
- ⑤ putting plan in a compelling form



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Components of a business plan

- **executive summary**
- general company description
- **management and organization**
- industry analysis and trends
- markets and marketing plan
- competition and strategic position
- operations
- development, milestones, and exit plan
- **financials**
- appendices

15 to 35 pp.

no longer than above



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Executive summary

In a few pages, show that:

- the business concept makes sense
- the business has been thoroughly planned
- management is capable
- a market exists
- the business has a competitive advantage
- the financial goals are realistic and attainable
- there is an opportunity to make money



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General company information

Provide the following information:

- company name
- company objectives, mission statement
- legal information
- primary products, services
- management structure
- location
- history, achievements to date
- financial status



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Management and organization

Show how your team will contribute to your success:

- who is on the management team
- experience and qualifications
- management structure
- management style
- key employees
- board of directors, advisory committee
- consultants
- social and environmental values, community involvement



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Industry analysis and trends

Provide a knowledgeable and understandable description of the following:

- your economic sector
- your industry, including size and growth potential
- economic cycles, financial patterns, seasonality
- financial patterns
- supply chains, distribution channels
- regulations, certifications



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Markets and marketing plan

Define your target market(s) and marketing mix (4 P's):

- target market(s) size and trends
- geographic breadth
- demographics, psychographics
- strategies for product, place, price, promotion
- justification for marketing mix decisions
- other marketing / sales tactics



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Competition and strategic position

Thoroughly evaluate the following:

- your current and future competitive position
- factors affecting your ability to compete
- market share distribution and barriers to entry

Differentiate yourself from the competition by:

- developing a unique strategic position and value proposition
- explicitly defining what you do and what you don't do
- understanding and assessing risk
- balancing risk with opportunity



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Operations

Describe the running of your business:

- facilities
- production
- inventories
- raw materials, suppliers, distribution
- order fulfillment, customer service
- research and development
- financial control and contingency planning
- technology plan



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Development, milestones, and exit plan

Provide a roadmap for your business:

- goals and priorities
- achievements to date
- milestones (key dates)
- exit plan based on evaluation of risks



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Financials

Provide financial statements and information for your business:

- sources and use of funds
- start-up costs
- cash-flow projections
- break-even analysis
- assumption sheet

- balance sheet
- income statement
- cash-flow statement



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Appendices

Reinforce your business plan's content:

- letters of intent, contracts
- endorsements
- resumes of key employees
- photos, renderings, prototypes
- marketing research results
- marketing materials
- technical / manufacturing information
- schedules, timelines
- etc.



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