Your Business Success…build a sound foundation

My 2019 challenge to every small business CEO is to “get your business in order this year” and therefore I will dedicate several future columns to this topic. While passion and excitement often ignite a new business venture, what keeps that business running smoothly is attention to the everyday details.

I started this series last week with what I consider to be the fundamental cornerstone for a successful small business. A business plan is a vital tool often used for loan applications or to show investors where you see your business going. A complete business plan contains a number of components that I will highlight in this second in the “Your Business Success” series. I always remind new CEOs, “Don’t launch your business without a business plan” because it:

✓ is a road map that guides you through each stage of operating your company.

✓ enables you to plan for the future, grow your business, get funding and manage cash flow.

There is no one, best model or template for doing a business plan. But I will suggest several key elements that I feel are important for a plan that will help your business success. To start out, remember to keep it simple and focus on the questions that I have listed for each section. Here are eight suggested sections:

1. Executive summary: Your executive summary is the short, snappy elevator pitch you’ll use to sell your investors, bankers, partners and other key people on your business. In this section answer the following questions:

   • What does your business do?

   • What problem will it solve?

   • Why is your business uniquely poised for success?

2. Company overview: Provide a snapshot of your business by including basic information about your company’s leadership team, employees, products or services, and the like. If you plan to ask for funding, you should also include financials and high-level growth plans. In this section answer the following questions:

   • Where is your business located?
• When was it formed, and what type of legal entity is it?

• What is your mission statement?

• What is your projected growth?

3. **Competitive analysis:** This section discusses the competitors in your industry. Do your research to identify who they are, what they do and how they serve their markets. In this section answer the following questions:

• Who are your competitors and how do they serve their customers?

• Why do customers buy from them?

• What do you know about their pricing?

4. **Products and services:** This section of your business plan details the problem you solve for your customers, and how that solution is different from competitors’ goods or services. In this section answer the following questions:

• What are the types of products or services you sell now?

• What will you develop and offer in the future?

• Why is your product better than or different from the competition’s?

5. **Target markets:** Your target market section is an introduction to the customer who is going to love your product or service and, just as important, your business itself. In this section answer the following questions:

• Who is your ideal customer?

• What are their demographic profiles?

• What are their needs?

• How does your business serve those needs?
6. **Management team:** Give potential lenders and funders confidence in your business by introducing yourself, as well as the exceptionally qualified group of people by your side. In this section answer the following questions:

- Where were you educated?
- What is your experience?
- What is your expertise?
- What are you putting into the business?
- What about the management team would convince an investor to risk their money?

7. **Financial plans and measures of success:** Investors and lenders will want to see financial documents that show your company’s future profitability, including a sales forecast, personnel plan, cash flow statement, profit and loss statement, and balance sheet for at least three years out. Some investors ask for projections even further into the future, so be sure to invest in a good accountant to help you prepare realistic and thoughtful forecasts. In this section answer the following questions:

- How much external funding do you need to build your company?
- What are your projected revenues and profits over the next one to five years?
- What assets must you acquire?
- How does your customer generate revenue?
- How much money do you need to start and run your business?

8. **Risk factors:** If you’re asking people to invest in your business, it’s only right to be transparent about the things that can go wrong. Risk factors can include a natural disaster, outdated technology, legal pitfalls, ineffective management, a sudden cash flow crunch or a supplier failure. Once you’ve shared the risks, it’s smart to include the steps you’ll take to manage them, so investors see that you have a plan. In this section answer the following questions:

- What risks could affect your business?
- How will you address these risks if they present themselves?
I urge all small business CEOs to get your business in order this year. Build on this foundation…**What’s your unique selling proposition?** A good business plan will help you with this answer. Your unique selling proposition (USP) sets you apart from similar businesses in your area. Determine your USP by identifying how your products and services cater to your target market in a way that’s different from your competitors.

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