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# BUSINESS PLANNING 101

THINKING OF GOING INTO BUSINESS? HERE ARE 5 POINTS TO CONSIDER

The following information is “Food for Thought”, to get your entrepreneurial juices flowing and to bring to the forefront often over looked or under considered business planning points.

**WHAT DO YOU WANT FROM YOUR BUSINESS?**

*A lifestyle business which can create an income stream for yourself and possibly others*

*vs.*

*Creating a business you can sell off for a profit and move on to something else in a set timeframe?*

## TARGET & JUSTIFY

- Where you want to be in your future picture- 6 months, 1 yr, 3 yrs and WHY (upcoming retirement--want to hang with the grandkids more, like making cheese, have to do something with all of .....in the freezer)?
- Will you need support while you start your business (in the home, at work, at your business)?
- Will you have an income stream to hold you over for up to 12 months (do you have unencumbered savings etc)?
- Will you need additional staff or labor to start up (or will you and your family do it all)?
- What is your personal comfort level for risk & stress

**For most, the prospect of making your own decisions and being in charge of your own destiny is worth it. But if you're going to be successful as an entrepreneur, you have to be prepared for the risks and challenges that come with it.**

## **FOCUS & IDENTIFY**

- Your consumer- the people who fall into your targeted demographic--people who live a certain lifestyle, exhibit particular behavioral patterns or fall into a predetermined age group
- Your competition- spending time analyzing current sales and the effectiveness of competitors practices can give you information about your market or product competition
- Your product or service-go outside your immediate circle and ask folks in many different segments what they think of your idea or product

**No small business can succeed without understanding its customers, its products and services, and the market in general. Competition is often fierce, and operating without conducting research may give your competitors an advantage over you.**

## **DOING YOUR HOMEWORK**

### **IDENTIFY YOUR INPUTS**

- Inputs: are *all the stuff it takes to create your product...*
  - Facilities, inventory-raw materials, energy sources, transportation, permits/licensing, packaging, labor-personal time/hours, professional fees etc.
- There are many online and business sources that can help in identifying specific needs and prices of imputes needed for your product or services -  
[http://www.bplans.com/industry\\_reports/](http://www.bplans.com/industry_reports/)

### **FIGURE & GO FORWARD**

- Add up all the items listed above; that equals the cost of your product –now add your industry profit margin (will you sell wholesale or retail) that equals the sale price of your product

- How many will you have to sell to be profitable on a long term basis?
- How will you pay for them?
  - Conventional-NON conventional loans
  - Self financing-using personal savings?
  - Kickstarter campaigns?

## **BUILD YOUR PLAN**

**Here is** the place you put your numbers and your story. Use online and other business sources to find:

- CASH FLOW & BALANCE SHEETS
- MARKET STUDIES
- SALES PROJECTIONS
- EXTRAPOLATIONS
- STORY CONTENT & SUPPORTING DATA

**Verified assumptions, break even analysis and project profit and loss studies are powerful tools that will bring validity to your planning. These tools can give you timely and important information regarding revenues and expenses, telling whether adjustments might be necessary to recoup losses or decrease expenses. Most Lenders will not consider funding a project without them.**

### ***Still want to go into business?***

*The Value Chain Cluster Initiative can help as can these other partners:*

- *County Extension Offices*
- *Department of Agriculture*
- *Small Business Development Center/SBA/SCORE*
- *WV Food & Farm Coalition (WVFFC)*
- *WV Farmer's Market Association (WVFMA)*

[www.Vc2.org](http://www.Vc2.org)

[www.facebook.com/ValueChain2](http://www.facebook.com/ValueChain2)