



How to Write the Business Plan of Your Dreams

A step-by-step guide to
crystallizing your vision

By Raj Khera



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***How to Write the Business Plan of Your Dreams:
A step-by-step guide to crystallizing your vision***

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About this eBook Series

This series of ebooks is designed to be information-packed fast reading for people who want to start and grow a successful small business without seeking venture capital. Each ebook in this free series is designed to help you plan and market your products or services using simple, affordable techniques.

My name is Raj Khera and I started my career as an engineer. No business training. No business experience. But I had a burning desire to get out on my own. When I wanted to start my first company, I had no idea how to do it. I had very little money so my goal was to find ways to build a business organically, with little or no investment.

I used to go to my local library and check out a handful of business books every few weeks to learn as much as I could. There were books on incorporating, accounting, advertising, marketing, management, and many other topics. Every book on marketing said that the number one way to get new customers is to get referrals from existing customers.

Well, duh? What was I to do if I did not have any customers in the first place? Reading all of these books helped, but I needed ideas and activities that I could put to use right away to bring in money fast.

That was over 15 years ago. This series is a compilation of the best ideas and strategies that I found to plan a business and to get clients. In addition to creating your business plan quickly, I will show you how to position yourself so that customers come out of the woodwork to find you. The result: new customers and more business.

How to Use this eBook

This book is not an in-depth analysis of every strategy in the world that can help you write your business plan. Frankly, that would be far too much reading for an aspiring entrepreneur who is itching to get started.

Instead, this book offers you, the (budding) small business owner, quick and concentrated information to reach your primary goal: crystallizing your vision into a business plan that is in line with your dreams.

There is a lot of information packed into the following pages and not everything mentioned will apply to every type of company. But it is easy reading designed to spark a light bulb in your head that will get you on your way fast.

To stay motivated and on top of the latest tips and trends in growing a small business, this book has an accompanying web site, MoreBusiness.com. This site is updated every weekday with new articles written just for the entrepreneur in you. It also has over 100 sample business plans and a free email newsletter full of ideas to help you run your budding empire. The site, like this book, is designed *by* entrepreneurs *for* entrepreneurs. Also, get business templates and “how to’s” delivered right to your email: visit <http://www.morebusiness.com> to sign up for our email newsletter.

So, get a notepad and pencil to jot down ideas specifically for your business that will pop in your head as you read on. Having them written down – in your own handwriting – will motivate you to take action that will have a positive impact on the lifeblood of your company.

How to Write the Business Plan of Your Dreams

A step-by-step guide to crystallizing your vision

Create Your Roadmap: The Business Plan

“I don’t need a business plan,” you say. Neither did Lewis Carroll’s Alice in Wonderland:

“Would you tell me, please, which way I ought to go from here?”

“That depends a good deal on where you want to get to,” said the Cat.

“I don’t much care where,” said Alice.

“Then it doesn’t matter which way you go,” said the Cat.

If you are like me, the thought of writing a business plan just takes the fun out of the thought of running your own business. It sounds so “corporate”. But today’s business plans are not the 250-page behemoths of decades past in which teams of coat-and-tie analysts spent months documenting every nook and cranny to push out a manual that collects dust on the head honcho’s bookshelf. In a small business, such plans aren’t useful and certainly not worth your time.

Modern day business plans are shorter and more concise. If you are not interested in pursuing outside financing, then you have the comfort of



being less formal with your plan, but you should still document it instead of keeping everything in your head.

Your business plan will be the “road map” of your enterprise. It will show you how to get to where you want to go, starting by organizing your thoughts about your business and your goals. The exercises you will complete will help you put your basic plan together very quickly.

Let's get started.

Solid planning is the first step in growing your business.

Set Your Goals

Where do you want to be in 20 years? In 10 years? In 5 years? In 1 year? In 6 months?

Okay, I admit this can be a tough one. How many of us really think about where we want to be 20 years down the road? The thing is, if you don't have any concrete plans, how can you monitor your progress? And if you don't know where you want to go, then how do you know if you got there? The only true way to measure your achievements and progress is to set goals, both business and personal.

I recall one study of a graduating high school class of 1954. Students were asked if they had set goals for themselves. They also were asked if these goals were written down. Only 3% had written goals. Twenty years later, the surviving class members participated in a follow-up study. The 3% who had set written goals were happier, more satisfied with their careers, had successful marriages, and made over 95% of the class' money.

Entrepreneurs start businesses for various reasons. Some want to build enough wealth to have a comfortable retirement. Some want the cash to do other things that interest them. Some just want more flexibility in when and how they work.

Your 20-year-goal is often a reflection of where you want your life to be as you grow older. Perhaps you want to be retired. Perhaps you want to help solve world hunger after putting your kids through college. After visualizing where you see yourself in 20 years, you can start to formulate a plan to get you there.

Your life's vision must come first.

Life Goals

Activity: List the top 100 things that you want to do before you die.

Fast forward many years into the future. You are 80 years old and looking back on your life. What would you want to be able to say that you did in your life?

Some examples:

- Attend the summer Olympics
- Catch a foul ball in the stands of a baseball game
- Have dinner at the White House
- Learn to play the piano
- Play a round of golf at Pebble Beach
- Take a biking tour through Tuscany
- Sing in front of a live audience (who are not my relatives)
- Own a top of the line Mercedes-Benz

You do not want to reach an old age and say “Gee, I always wanted to do that but never got around to it.” If you make a list right now and read it to yourself every morning, you have a much higher chance of achieving these key goals, these things that are important to your happiness, before it is too late. As you go through life and reach a goal, check it off the list.

You can enhance your chances of reaching each goal by making it even more specific. Include a date.

Examples:

- Attend the next summer Olympics
- Play a round of golf at Pebble Beach by next fall
- Take a biking tour through Tuscany for my 40th birthday



Long-Term Goals

Activity: How do you see your life 20 years from now?

- Are you retired, lying on a beach drinking a margarita with your husband?
- Are you “Mr. Mom” spending time with your children (or grandchildren)?
- Are you working in a completely different field?
- Are you engaged in philanthropic endeavors?

- Are you continuing to build your business, pushing it into the Fortune 500 as a dominant leader in your field?

Look at this question again: How do you see your *life* 20 years from now? Like the last activity, notice a key word in this question: life. As an entrepreneur, your business life and your home life are very closely tied together.

Picture how you see your life in the future. There is no right or wrong answer to this question. It is purely personal. If you want to be retired, you now know that this is a goal that you can start planning for. People talk about retiring early all of the time, but how many really plan for it? Setting your sights on a long-term goal now will guide you to living a life whose purpose is to reach that objective.

When you write down where you want to be and let that goal pulsate through your mind as a “must have” target, you will find yourself making other decisions instinctively to achieve that goal. What used to be ambivalent feelings about a certain task or strategy will become more focused and definitive. The act of writing your goal is an act of taking your dreams and putting them in first place.

It is not out of reach. If you take the time to write it, feel it, and let it become part of you, it will happen.

Setting Milestones

Activity: Where do you need to be in 10 years? 5 years? Next year?

To attain your dream, you will need milestones. If you want to be retired in 20 years, where must you be in 10 years, your half-way point? To get to your 10-year point, where must you be in 5 years?

Knowing your 5 and 10 year objectives outlines what you need to shoot for – and this results in the baseline for your marketing strategy.

Here are some sample objectives:

10-year

- do \$30 million in annual sales with 200 employees
- have offices in New York, Washington, Boston, Chicago, and Los Angeles
- offer a wide range of custom software development products and related consulting services for financial industry firms
- grow product line and in-house consulting support services via mergers and acquisitions

5-year

- do \$4 million in annual sales with 20 employees
- build product line based on consulting projects

- offer consulting services to support product line via strategic partnerships with other companies to reach customers in many geographical markets

1-year

- do \$300,000 in sales
- get 3 new clients
- move from home office to office suites
- hire 1 employee
- develop 2 teaming/partnering relationships to bid on larger contracts

Notice that these examples are not lengthy paragraphs but, rather, simple lists. That's all you need to get started. Also, notice that the examples are very concrete.

Your Milestones

Write down where you need to be in 10 years. Use it to identify your 5 goals. Then, write your immediate 1-year (and even 6-month) goals that will get you headed in the right direction.

Memorize Your Elevator Speech

You step into an elevator at the top floor of a building to go down to the lobby. Someone you don't know steps in with you. You smile, greeting each other. The other person asks what you do. How would you answer? Would it take you more time than it does to reach the lobby?

Spending time now to memorize your “elevator speech” lays the groundwork for your ability to network efficiently and attract the right clients. If you cannot put what you do into clear and concise words, how will other people, or rather, potential customers, know what you do?



Abraham Lincoln used to say that it would take him two weeks to write a twenty-minute speech, but he could talk for two hours without any notice at all.

In business, you need a brief elevator speech with a follow-up with details. The brief version offers a nutshell view of your business, enough to whet the appetite of a potential customer and cause them to ask for more details. When they do, you are ready with your more detailed follow-up. Memorize both versions so you are never at a loss for explaining what you do.

This section focuses on figuring out what you do clearly enough so that other people can

understand it easily. I'll also include sample questions and exercises to help you shape your business objectives. So, grab a notebook and a pencil and sit in a place where you won't be disturbed for about 20 minutes. Let's begin.

The Basics: Specialize

Activity: In 20 seconds or less, state clearly the kind of service you provide or the products you sell. Be specific.

I don't mean something like, "We do computer programming and system design." That hardly gives insight into what you do best. I also don't mean, "We develop software for database management, systems integration, network management, Windows applications, and other custom applications." Small businesses that do everything under the sun lose credibility.

If you wanted a deck built for your house, would you feel more comfortable hiring a general contractor who does all types of construction work or someone who just builds decks? Most people would pick the specialist. So, be a specialist. Just so you know, specialists can typically charge far more than generalists. More so, you will find that when you specialize, you create an opportunity to be known for your specialty, a trait that can generate a lot of business.

A repairman that once came to my house to fix the refrigerator told me that he used to install and repair all types of appliances. But as time went on, he decided to focus on a certain brand of products. His business grew. Later he focused only on that brand's refrigerators. It turns out that there is a big market just for this in my metropolitan area. He is booked every day and has lowered his

overhead expenses dramatically because he only needs to stock a limited number of parts. He also reduces his ongoing training time and costs to keep up to speed with new products.

Successful lawyers, accountants, real estate professionals, consultants all carve out niches for their businesses. Sure, you've heard of law firms and consulting practices of large companies that provide an assortment of services. But that's just the point: those organizations are large. They've got entire departments devoted to getting customers. Small businesses must think and operate differently. By specializing, your size becomes one of your biggest advantages.

Here are a few examples of elevator speeches, both brief and detailed versions.

Example: Software Product

Brief version:

My company provides a low-cost, email newsletter management tool for organizations to communicate with their customers and generate repeat business.

Follow-up details:

We've found that companies who keep in touch with their customers regularly increase their chances of repeat business dramatically. Our tool makes this process easy. You can create and send professional-looking newsletters in just a few simple steps without having to learn any programming. We provide live, reports that detail how many people – and who – opened your email message and clicked on the links within it. Our

software runs over the Internet so there is nothing to download or install. Would you like to try it out for free?

Notice two key points:

1. The service's key benefit: making the process of getting repeat business easy.
2. The offer to try out the service for free at the end of the pitch.

Including a benefit highlights the value to a potential customer. Just saying what you do or sell isn't enough. Tell the listener what he or she can get out of using your service or product.

Always try to close with some kind of offer whether it is a follow-up phone call, a free trial or consultation, or even something as simple as sending a copy of an article you found or wrote on the topic. Of course, not everyone you talk to will be able to use what you offer so look and listen for clues that suggest your words will get lost in the wind.

If you find yourself at a networking event talking to someone who is more focused on getting that next beer, stop wasting your time and mingle. The more people you can say your elevator speech to, the higher the chances of landing a new customer.

Example: Financial Services

Brief version:

My company helps people manage their financial assets to minimize taxes, save for retirement, and enjoy life without worrying about money.

Follow-up details:

While most money managers focus on selling a particular line of stocks or funds, our approach focuses on identifying our customer's goals and tolerance for risk and then evaluating the best options from a wide variety of products. We are not locked into recommending investments from specific companies, which gives us an independent perspective that offers our customers the most options. What near-term and long-term financial goals do you have?

In this example, the question requesting a call to action at the end is not something like “Are you satisfied with your financial position?” or “Would you be open to free consultation to explore options to manage your money better?” Instead, it is an open-ended question designed to engage the listener in a dialog. This gives you a chance to probe for areas in which you can find an opening to request a meeting, if appropriate.

Example: Real Estate

Brief version:

I help people find the right home, in the right location, at the right price in Montgomery County. Are you in the market to buy or sell a home?

Follow-up details:

Any agent can pull a list from the local database of houses for sale. But in today's market, knowing how to price a house or bid just right can mean the difference between making a sale and losing out. We focus only on houses in Montgomery County, where we have in-depth experience and knowledge on pricing fluctuations that occur as frequently as every week. This gives our customers a tremendous advantage in buying or selling a home. For buyers, we listen to your needs before screening houses for you instead of giving you a big list for you to sort through by yourself. For sellers, we market your house to maximize your sales price. Would you like to receive our monthly newsletter?

In this example, the question in the brief description helps qualify a prospect. If the listener's answer is "yes," then you can proceed with some benefits listed in the detailed version. The closing offers a free newsletter. This is an excellent way to stay in touch and keep your name in front of the prospect so when they start thinking about a house, you pop into their mind.

Your Turn

Now it's your turn. Take a moment. Think hard. Write it down. Edit it. Write something else. Check it. Test it out on a partner, colleague, or even your significant other.

After you write your own brief version, memorize it. Try to memorize as much of your detailed version as possible, too. If you haven't taken the time to write it down, stop reading! Don't continue until you have written a concise description of the services or products you provide.

With this statement committed to memory, you will be able to tell people what you do clearly, without stumbling.

Don't put down that pencil yet. It's time for some more questions.

**Remember:
Specialists typically make more
money than generalists**

Define Your Customer Base

Everyone is not your customer. Profile who actually buys your products and services.

Activity: Write down the type of organizations and people within them who would hire you or buy your products. Do this for each of your market segments, including those you want but currently do not have.

Include the following for each type of organization you serve: number of people, annual revenues, expected growth, industry, buying cycles, and buying policies. Also include information about contacts such as: personal characteristics, interests/hobbies, management styles, methods for finding consultants or identifying product vendors, and buying/hiring considerations.

In your write-up, answer these questions:

- To whom do they look for recommendations when they want to buy consulting services or products?
- Where do they meet potential service suppliers or product vendors?
- Do they prefer to deal with large consulting companies or independent consultants?
- What kind of publications do they read?
- Do they respond to advertisements in these publications?

- Do they have in-house staff that needs help during peak periods?
- Does their in-house staff lack expertise that they need and that you can provide?

Example

One of our market segments is small financial service firms having 15-50 employees and less than \$10M in annual sales. Typical growth rates are 10% per year, but half seem to have been hurt by the recession and are growing at a slower rate. This segment tends to buy more services when the stock market is doing well and prefers to deal with consultants who have at least five years of experience in financial services.

Since this market consists of small companies, the president and/or vice president is often the final decision maker for buying computer services. Presidents typically earn more than \$150,000 annually and read publications such as The Wall Street Journal and Business Week. Many find and hire consultants by word-of-mouth and the consultant's reputation, often asking accountants and attorneys for referrals.

Wow! What a statement! It might take you a bit of research to extract this kind of statement about your client base. You can get most of this information simply by asking. Annual reports can also be helpful in compiling sales and growth figures.



Why is all of this information important?

Once you have a detailed description of your clients, including their buying considerations and habits, you have a way to identify similar organizations – your potential clients. It is like a police drawing of the people you are looking for. Once you have sketched out your market, you have a profile to use for finding more people who match that sketch.

Plus, you can identify how to reach them.

- If your profile includes publications they read, then you know that placing an article that you wrote or advertising in those publications will expose you to your market.
- If you know that your prospects find companies like yours through referrals by accountants and lawyers, then a big component of your strategy should be to find networking events that will allow you to meet these types of people.

The more you know about your buyers, the easier it will be to identify what you need to do to position yourself.



Up to now, you have defined: 1) what type of service you provide, 2) your long- and short-term goals, and 3) your target market(s).

This is quite an achievement. You now have the basis from which to customize your marketing strategies – all part of a good business plan.

Know Your Competition

Who wants to eat your lunch?

Everyone has competition. It could be the mega store down the street, the boutique law firm across town, or the web site that is getting rave reviews in your local paper. If you have defined your market precisely, you will have a much easier time identifying your competitors. Once you do, take a look at what you offer compared to what they offer.

Being good enough isn't good enough

If you strive to only be as good as your competition, you are doing a disservice to your customers – and setting yourself up to lose some of them. You must go above and beyond what your competition is doing.

How do you know if your service is as good as your competitor's service? The best way is to begin with some research then to actually go and shop at their store. Be sure to do it a few times, using all of the contact methods available. As you probably know from your own experience with customers, it would be a mistake for customers to form a judgment about you based solely on one interaction. What about the quandary of giving your money to your competition? Doesn't that boost their business? It may be somewhat helpful, yes, but in the long run it is a business investment you need to make to grow. Ford buys Honda to see what they're up to. You should buy your competitor's products, too.

Is it good enough? While you are shopping at your competition's store, ask yourself if your service exceeds, meets, or falls short of the standards set by your competition. Perhaps in some areas you will find that you excel while in other areas you may fall short. In the long run, you should shore up any of the areas where you fall short, but do not try to just attain your competitor's level of service.



Why it's not enough: Using your competition as the standard to measure your business will fail to differentiate you from your competitor. If your customers get exactly the same product with exactly the same service at exactly the same price, there's no difference and they will just go wherever it's convenient. Do you want clientele whose sole reason for shopping in your store is convenience, or do you want them to be loyal patrons who will drive past the competition to get to your store?

What to do about it. If your competitor knows their customers' names, you should know their names and their birthdays. If your competitor knows their names and their birthdays, you should know their names, their birthdays, and their children's names. If you want to make a preemptive strike against your competition, make a list of the many things that you would want a good friend to know about you and start learning that about your customers. Move them out of the zone of "customer" and into the zone of "trusted friend." Go above and beyond what you are

expected to do and you will find that your customers will drive past the competition to come to you.

Is it a lot of work? It could be. But believe me, your competition is looking you up and down, too. They are after your customer base. If you put off figuring out their strengths (and weaknesses), your business could erode to a state of “convenience shopping” and you will have to work doubly hard to get your customers back.

Structure Your Plan

The Format

Your specific marketing strategies will depend on your individual goals (once you have an idea of where you want to take your business). As you go through various strategies, put your ideas down on paper! Organize your thoughts, questions, and concerns. If you have financial data, use it. You don't have to take your plan to the bank, but by recording your income and expenditure you will have a benchmark to use when you review your goals and accomplishments.

Business plans often follow a general format. You can modify this one to suit your exact needs. Hop on to your computer and create the skeleton structure for your plan. There is no need to fill in all of the details now, but having something started will go a long way as you flesh out the specific tasks and strategies.

1. **Executive Summary** – write this section last. After you have completed the rest of your plan, it will be easy to summary your business in one or two pages.
2. **Company Profile** – do this section now, based on your responses to the exercises you just completed. Include a mission statement that describes your business and why you are in it.
3. **Goals** – drop these bullet points in right from your long- and short-term goals. No need to be verbose. Bullet points with crystal clear thoughts can convey your thoughts the best.

4. **Market Definition** – use the customer profile analysis you wrote earlier for this section.

5. **Competitive Analysis** – no plan would be complete without knowing the competitive landscape. Use the text you wrote about your competition here.

6. **Marketing Strategy** – fill this section in as you identify ways you will get business. Each company will have its own strategy and tactics based on unique situations. A restaurant's marketing strategy would be far different than a consultant's. Pick and choose ones that fit your business, but be sure to write them down here so you can refer to it later and use it as a benchmark for future revisions after you know what worked best.

7. **Management Qualifications** – this should be pretty easy. Jot down a paragraph or two about the background and experience of each senior manager, even if the only manager is you.

8. **Financial Information** – ideally, you should include projections on how much money you think you will make and how it will be spent to grow the company. Having a spreadsheet template, which you can find very easily on the Internet, to fill in the blanks makes it a lot easier. There are lots of free financial templates available online. Use numbers that make sense to you.



9. **Appendices** containing any additional information you would like to include – such as product specifications, brochures, etc.

Hundreds of sample business plans in numerous industries are available to review and use as guidelines for your own plans. Visit this book's accompanying web site, <http://www.morebusiness.com>, and click on the "Business Planning" tab.

Review your plan for consistency. Is it coherent? Is it realistic? This is your guide to your business. It will help you get what you want. Keep it updated. Change it as your goals change or as the market changes. Remember, a little planning will take you a long way.

About the Author



Raj Khera is a co-founder of MailerMailer, a leading email list management service that enables customers to create and track email newsletters and marketing campaigns. The company has grown since 2001 to serve thousands of customers worldwide, including the National Council on Adoption, National Bone Marrow Donor Program, National Avalanche Centers, numerous politicians and many others.

Prior to MailerMailer, he co-founded GovCon in 1995, which he and his partners grew to be the largest business-to-government web portal before selling it in 1999 to a publicly trade company. His company also runs MoreBusiness.com, a portal for small business owners, which is regularly lauded as one of the best web sites for entrepreneurs. Before Mr. Khera entered the entrepreneurial world, he worked as a semiconductor electronics engineer at the National Institute of Standards and Technology for nearly nine years.

Mr. Khera holds B.S. and M.S. degrees in electrical engineering from the University of Maryland and serves as the Chairman of the Board of Visitors for the University of Maryland College of Computer, Math and Physical Sciences.

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