

Exploring Entrepreneurship for Veterans and Spouses

Business Planning: How It All Comes Together





General Dwight D. Eisenhower

**“Plans Are Useless,
But Planning Is
Indispensable.”**

Will it fly?



BUSINESS PLANNING = SIMULATION

Facts

Consequences

Decisions

Contingencies

Understanding Markets & Your Competitive Space

- Understanding Markets & Industries
- Market Analysis
- Industry Analysis
- Competitive Strategy

Markets

Some Quick Distinctions

Market vs Industry

THE MARKET = Your Customers

Customers are the ones that give you the money

May be different than those that end up using your product (otherwise called End Users)

Example: Toyota Automotive Dealers are Toyota's *customers*,
people buying the cars are the *end users*

THE INDUSTRY = Other Sellers

Includes competitors, suppliers, and other support sales companies
(distribution, packaging, etc.)

Market Research: An Imperative!

Know more about the customer

Update and improve what you already do

Contact with the customer, so they get to hear about you

Develop confidence and believability with other stakeholders

Reduce the overall risk in your business

IS REALLY THE TRUE VALUE OF A BUSINESS PLAN!

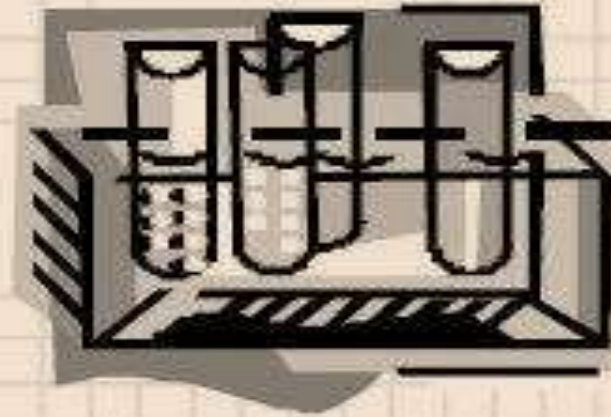
What Makes An Effective Market

4 Ingredients of an Effective Market

reality check



1. Customers: People or Businesses
2. Unsatisfied Needs
3. Purchasing Power:
 - Money
 - Credit
4. Willingness to Spend



Nothing happens
'til you sell something!

The Big Picture

#1: Identify Your Target Customer

Find out through MARKET RESEARCH

Demographics matter:

Age, gender, income level,
marital status, geographic location,
specific interest, etc.

Year-round or seasonal?

Short term or long term?



The Big Picture II

Analyze your competitive Industry

Identify key competitors

Formulate competitive strategy

Market Analysis: Your Objectives



IS THERE A...

Strong Market?

Compelling Need?

Favorable Trends?

Identifiable Entry Points?

Understand Your Industry



The Industry

Includes your competitors, plus your suppliers and other support sales companies (back office support, distributors, packaging, etc.)

INDUSTRY: BROAD VS NARROW



For example, what about this industry? Is there a high potential in terms of potential sales and industry size? Are you unique and valuable enough to the customer to make their customers YOURS?

Broad: *Allows you to think about substitutes and other threats*

Ex: Any place that sells ready to eat food = fast casual restaurants, grocery store delis, fast food drive-throughs, food trucks, even gas stations and delivery services

Narrow: *Think about direct rivalry and how to beat them*

All fast food sit down chains? Other casual restaurants?

Types of Competitors

Direct Competitors

Businesses offering identical or similar products

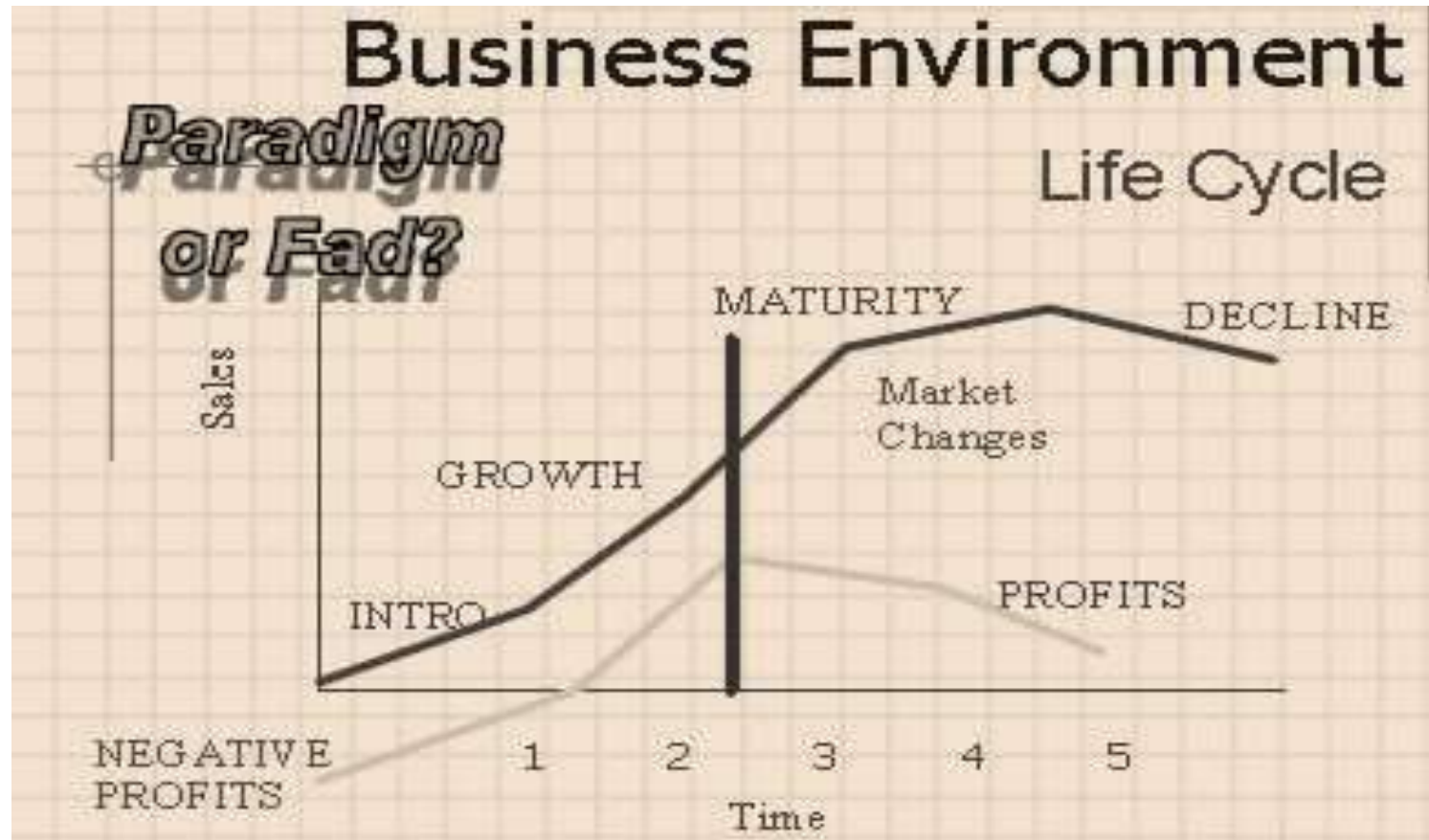
Indirect Competitors

Businesses offering close substitute products

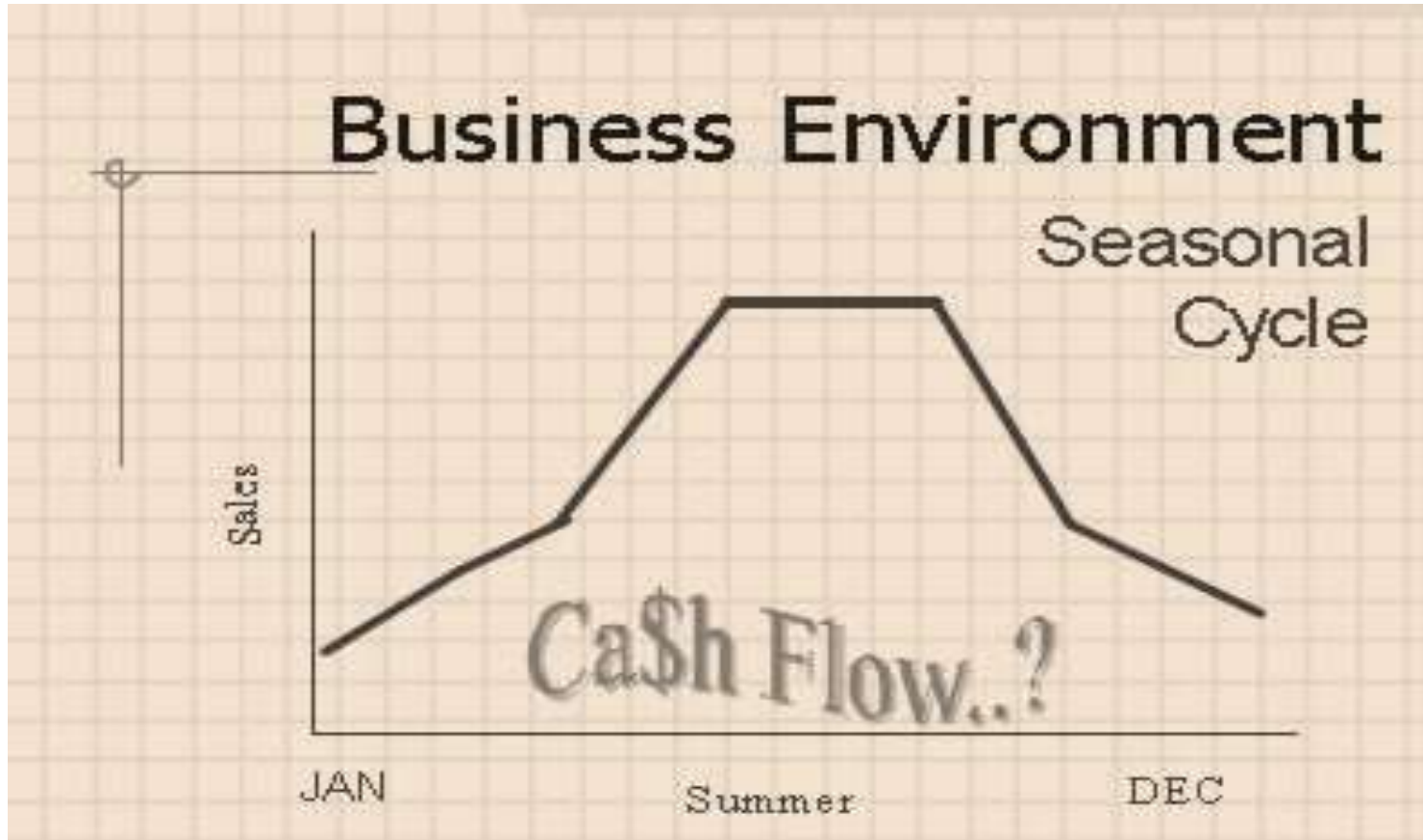
Future Competitors

Businesses that are not yet direct or indirect competitors but could be at any time

Business Life Cycle: Long or Short Term?



Business Life Cycle: Seasonality



HOW DO YOU KNOW IT WILL FLY??

Is Your Business Concept Financially Sustainable?

GUT CHECK, REALITY CHECK



What A Banker or Investor Requires A Business Plan:

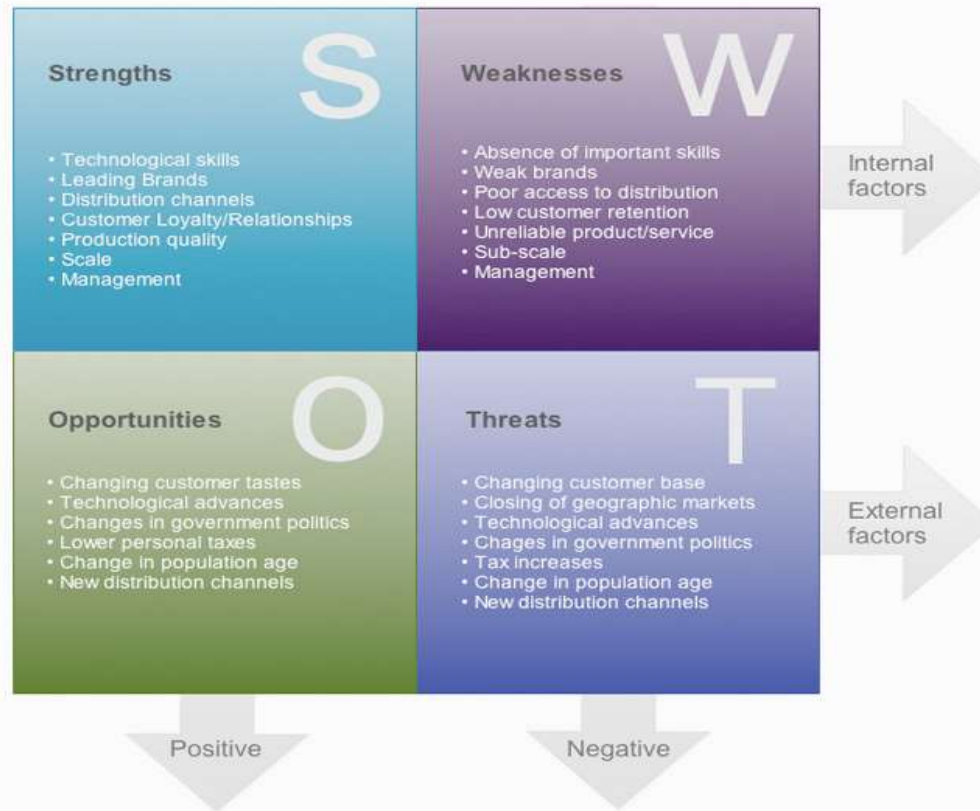
1. BREAK EVEN ANALYSIS
2. QUICK AND DIRTY COST ANALYSIS
(SALES, FIXED & VARIABLE COSTS)
3. FORECASTED PROFIT & LOSS

Q 4 U ARE YOU WILLING TO WORK THAT HARD?

Q \$ U CAN YOU AFFORD TO HOLD OUT UNTIL IT MAKES A PROFIT?? BE OPTIMISTIC BUT ALSO BE REALISTIC

Conduct Your Own S-W-O-T Analysis

SWOT Analysis



SWOT Strength

- *You offer a new, innovative product or service, valuable to your target market
- *Your experience or expertise
- *Location of your business
- *Quality processes and procedures
- *Any other aspect of your business that adds value to your product or service

SWOT Weakness

- *Undifferentiated products or services (i.e. in relation to your competitors)
- *Lack of marketing expertise
- * Location – lack of visibility, poor access
- *Poor quality goods or services
- *Damaged reputation

SWOT Opportunity

- * A developing market / global marketplace through e-commerce
- * Mergers, joint ventures or strategic alliances
- * Moving into new market segments that offer improved profits, more opportunity
- * A market vacated by an ineffective competitor

SWOT Threat

- *COMPETITION: A new competitor in your home market with a new, innovative product or service or superior access to distribution channels, etc.
- *Potential for price wars with competitors = a race to the bottom
- *Taxation or regulations introduced on your product or service

**RESEARCH IT, LOG IT, COMPILE IT, ORGANIZE
IT, CHECK IT & ASK FOR HELP FROM THE VBOC**





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