

# Part II

Mapping Your Path to Work

Answers To Your Work Questions

From New York Makes Work Pay

# The Nuts & Bolts of Great Business Plans

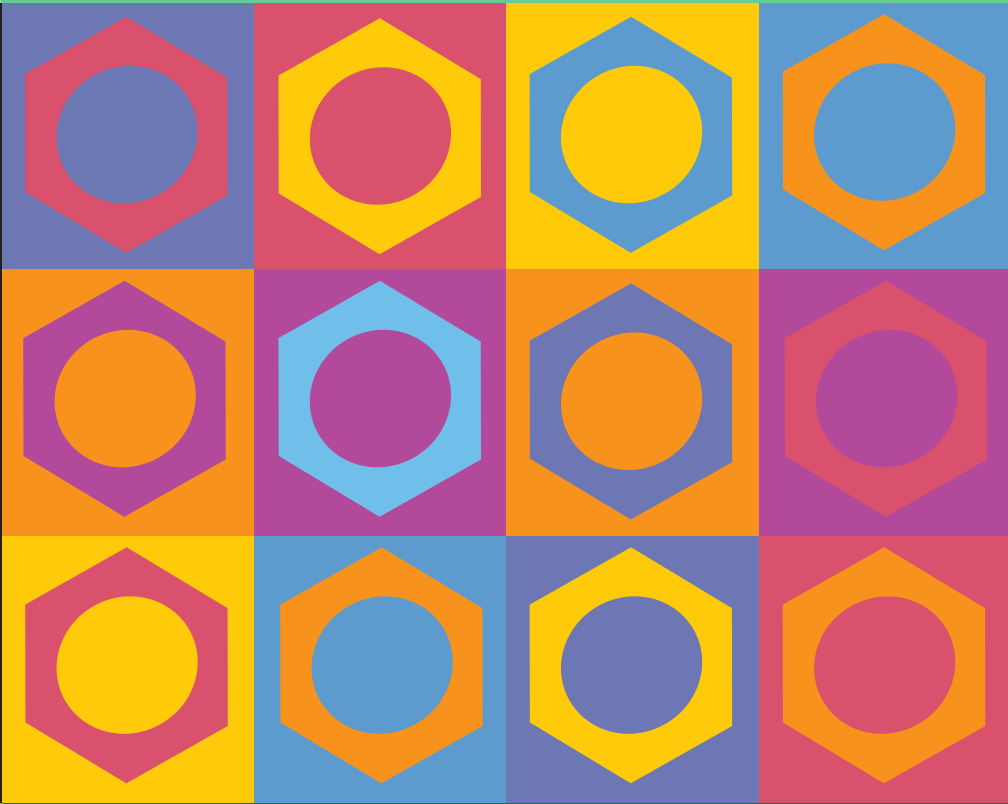
Covering Your Bases: Forty Issues to Die For

Thomas Kruczek

Mirza Tihic

Gary E. Shaheen

WWW.NYMAKESWORKPAY.ORG



# In This Guide

As described in *The Nuts & Bolts of Great Business Plans - Part I*, there is much that goes into a great business plan. The following is a checklist of things you might want to ensure appear somewhere in your plan. While this is not a comprehensive list, it covers the primary issues.

Utilized materials from:  
Department of Entrepreneurship and Emerging Enterprises,  
Whitman School of Management at Syracuse University,  
excerpted version December 2010

This booklet is part of a series of *New York Makes Work Pay* publications that help New Yorkers with disabilities plan a path to employment.



## Checklist

# 1. Define

the industry and characterize it in terms of size and the life cycle and draw implications. If it has an SIC or NAICS industry code, indicate so.

# 2. Develop

a diagram of the value-added chain and the approximate number of firms at each level, and indicate the proportions that are large firms or chains.

# 3. Evaluate

the attractiveness of the industry in terms of Porter's 5-factor model: <http://www.quickmba.com/strategy/porter.shtml>

**4**

Identify at least three ways that companies are differentiating themselves in this industry.

**5**

Specify other leading trends in the industry (e.g., in costs, prices, marketing approaches, new products or services, use of technology, etc.) and identify the three most critical success factors in this industry.

**6**

Summarize key industry financial norms for companies in this industry.

**7**

Identify the principal components of the business concept. Be sure you are defining the concept in terms of customer value and customer benefits. Apply the five key criteria for a good business concept.

**8**

What is the need that the business exists to satisfy? How well satisfied is that need already? How high are the customer's switching costs from whatever they are currently using or doing?

**9**

What is the set of forces creating the opportunity?  
What is the likely window of opportunity?

**10**

How is the market defined? What is the size of the market opportunity in dollars, units or both? Distinguish current market size from market potential and estimate the size of the primary and selective demand gaps. What is the growth rate of the market?

**11**

How are you segmenting the market? Are the key segments homogenous, sizeable, reachable, and responsive? Provide descriptors of the customers who make up the key segments. Which segments will you be targeting (provide a prioritization)? Who will be your early adopters?

**12**

Develop a simple model of customer buying behavior for this product or service. How long is the buying process? Who is the decision-maker? Why do they buy? It is a high or low involvement purchase? How loyal are customers to existing vendors/products?

# 13

What are the key factors affecting sales in the market? Will there be patterns to the company's sales. Is seasonality an issue? Is the business cyclical? Do interest rates/economic conditions have an impact?

# 14

Who are the direct competitors? Identify the strengths and weaknesses of each. How is each differentiating itself? Who are the indirect competitors? As a group, how much of a threat are they and why?

# 15

Be sure that you have developed a price list. Do prices adequately reflect: a) overall marketing strategy, b) costs, c) competition, d) customer demand, and e) legal issues? Are you clear on the total costs involved in your product/service?

# 16

Explain whether the company will be set up as a sole proprietorship, a partnership, an S corporation, a C corporation, or a limited liability company.

**17**

Describe the economics of the business. What is your average price, average cost per unit and average margin? How much of your cost structure is fixed versus variable? How much operating leverage do you have, and what are the implications of this? Calculate your contribution margin and breakeven levels in dollars and units. Be sure you are clear where you will be making your money (for instance, in a bar, how much of profit will come from drinks versus food, in a copier business how much will come from selling machines versus selling service?)

**18**

Have you formulated measurable objectives? Are you certain you've established objectives in all the appropriate performance areas?

**19**

How will you ensure that the company has a strong market-orientation?

**20**

What will be the principal or core competencies of the company? Is strategy built around these competencies?

**21**

Separately from the business concept, define the company's product mix. Assess the company's principal offering to customers in terms of the core, tangible and augmented product. Be sure to include such product-related issues as hours, facility layout, parking, etc.

**22**

How will the company's products be positioned?

**23**

If it is a service business, develop a diagram of the visible and non-visible aspects of the service delivery system.

**24**

How will operations be organized? If it is a manufacturing or assembly operation, what is the overall layout? Provide a schematic as well as a diagram of the workflow. If it's a service business, again describe the operational layout, and then how the service will be delivered.

**25**

Are any product policies needed (warrantees, returns policies)? If so, what will they be? What are the key policies of your top competitors?

**26**

What is the company's unique selling proposition?



**27**

Have you developed an integrated communications mix that matches your selling process to the customer's buying process? Summarize the company's complete mix of customer communications, including personal selling, advertising, sales promotion and publicity. Explain how they will be coordinated and managed as a mix.

**28**

What will the distribution channel look like? How much market coverage will this give you? What key approaches will be used to achieve cooperation among channel members?

**29**

How is customer service to be defined, measured and managed? What are the key components of customer service? Construct a comprehensive list of the points of customer contact involving any personnel, paperwork or facilities of the company.

**30**

What is the current stage of product development? Is a prototype completed? What further Research & Development (R&D) work is needed and by when will it be completed? What's the ongoing plan for R&D?

**31**

Provide a detailed cash flow statement for each of the first 3-5 years of operation. Provide pro forma income statements and balance sheets for the first three years.

**32**

Have you identified all of the resources (human, financial, channels, customer base, information) the company will require to start up and achieve success over the first 3 years?

**33**

Identify the major direct competitors and assess the strengths, weaknesses, strategy and source of differentiation relied upon by each of them.

**34**

How will the firm's logistical arrangements work (inventory policies, physically getting products to customers, warehousing/storage)? What is the intended order cycle time? What is the order time of your key competitors?

**35**

Who will be the key members of the management team? Provide a resume of each of these individuals in an appendix. Briefly describe the role of each in the firm and how it fits their background and experience. Also, will there be a board of directors or advisors?

**36**

What are your staffing needs beyond the management team? What kind of people are you looking for and what is your plan for getting them?

**37**

Identify the major technology, legal/regulatory, economic and social developments that are likely to impact on this business in the next two years, and indicate the likely impact.

**38**

How much money are you asking for, from which sources, how will investors earn their return, and when? Will funding come in stages?

**39**

Identify the five major downside risks or things that could go wrong, and indicate your contingencies for dealing with each of them.

**40**

Is there internal consistency in your plan? For example, can one see the logical fit and consistency between you target market, the product/service you are selling, your marketing approach, and the budget you have put together?

Development of the "Map Your Path to Work" guides is made possible by a Comprehensive Employment System Medicaid Infrastructure Grant funded by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) to the New York State Office of Mental Health (OMH) and its management partners the Burton Blatt Institute (BBI) at Syracuse University and the Employment and Disability Institute (EDI) at Cornell University.



**Burton Blatt Institute**  
**900 S. Crouse Avenue**  
**Crouse-Hinds Hall, Suite 300**  
**Syracuse, NY 13244-2130**

**voice: 315-443-2863**  
**fax: 315-443-9725**  
**web: <http://bbi.syr.edu>**

**[www.NYMAKESWORKPAY.org](http://www.NYMAKESWORKPAY.org)**