



Center for Career Education

WRITING A BUSINESS PLAN

COLUMBIA UNIVERSITY CENTER FOR CAREER EDUCATION

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What is a Business Plan?

A business plan is a written document that articulates a business concept, market potential, opportunities, growth strategies, financial requirements, and management for a company. It also identifies potential risks, problems, and trade-offs.

Why do you need a Business Plan?

It's no mystery that one of the essential keys of launching, operating, and growing a successful company is sound business planning. However, too many entrepreneurs carry critical planning records in their heads and never transfer the ideas to paper. This is one of the critical mistakes owners can make in running a business. Most start ventures with little regard for essential business planning documents. Instead, they operate by trial and error, sometimes for years.

Most often, entrepreneurs lack the necessary planning skills to manage the company from the start-up stage through its growth stages. But as businesses grow, various professionals such as bankers, investors and accountants require that business-planning documents be developed and followed.

The process of writing a business plan is indispensable because it forces the entrepreneur to sit down and think. It also requires him or her to take an objective, critical look at the business. In addition, the process offers the following benefits:

- It is an easy way to communicate the business idea and goals to decision makers, employees, and consultants.
- It outlines the strengths of the business.
- It identifies existing and potential challenges by highlighting vulnerabilities.
- It identifies other ways for the business to grow.
- It provides the necessary information for others to evaluate the company's strategy.
- It can be used to secure financing.
- It is a tool that can be used to measure the performance of the business and its managers.
- It's an excellent way to help evaluate opportunity and guide a start-up or existing business.
- It forces the founder to consider every facet of a proposed business or growth idea and places approval and funding decisions on paper, where they can be evaluated and considered by all interested parties.
- Sitting down and developing the business plan requires the entrepreneur to think critically and plan.
- Writing a business plan forces the owner and management team to review various aspects of a business and challenge assumptions.
- A business plan may also lead the owner to examine the consequences of different strategies, as well as the personnel and financial requirements needed to launch or grow a business.



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How and when do you use a Business Plan?

One common myth is that written business plans are only good to submit to bankers to obtain debt financing or to investors to raise capital. Entrepreneurs frequently don't understand that they should develop planning documents to help them operate their ventures successfully, or how to prepare the various essential planning documents. They continually struggle with producing a useable outline for these plans and usually find them tedious and boring. In reality, business plans save time, prevent mistakes, and in many cases, save businesses.

Entrepreneurs should view business planning as an essential process that will help develop a clearer vision and focus for their businesses. Company founders have a reputation for neglecting details and seldom instituting adequate controls to manage their businesses. However, they need to develop strong analytical and conceptual skills, which are enhanced when writing business-planning documents. Entrepreneurs should regard this process as an invaluable tool that will help them identify opportunities, as well as potential risks and pitfalls.

- A business plan is a document that should be used as a management tool to operate a business rather than as a strict blueprint that must be implemented exactly.
- A business plan can help an owner pinpoint great ideas and clarify goals.
- With written goals, both the owner and employees will find it easier to take the business seriously.
- The process of analyzing the business and setting goals will enable an owner to better understand and clarify risks, thereby uncovering new ways to manage or reduce risks.

Where can you find help to write a Business Plan?

www.entreworld.org

www.bplans.com

www.planware.ie/resource/planware/bizplan.htm

Source: "Do You Hate to Write Business Plans? How Business Planning Helps Entrepreneurs Succeed." [William Clark](#), Past FastTrac™ Executive Director.