

**Rather than justifying a decision that has already been made, your business plan should help you determine whether or not you should proceed with your investment.**



# Creating a Successful Business Plan

by Bob Bloom • INK & TONER USA

**FOR YEARS,** statistics have consistently shown that a high percentage of businesses fail within the first few years. Many businesses that do survive never reach their potential or achieve a high level of profitability. So how do you maximize your chance of success and minimize your risk of failure? The answer is very often tied to the development and execution of a solid business plan.

Unfortunately, too many small-business owners spend too little time on planning. It is not a painless task; it can be extremely time consuming, and many entrepreneurs have never previously developed a successful plan. When do you develop it? How do you start? What should be included? Does it need to be written?

Our desire was to open an ink and toner retail store, but before we would commit to opening we spent many hours over a period of about a year and a half developing our plan. Our gut feeling was that we had a great opportunity to build a successful business, as there are some extremely appealing aspects to the business — the marketplace is huge; everyone, including both businesses and consumers, is a potential customer; people are printing more than ever before; and the products we would sell are consumables that need to be purchased over and over again.

But that didn't mean we would be successful. We needed to do our due diligence. We went to trade shows. We spoke to as many people inside and outside the industry as we could. We looked into several franchises, although we ultimately decided against that route. We researched suppliers. We attended technical training for refilling ink cartridges and remanufacturing toners. And we continually worked on our business plan. ►

We were also careful to avoid one of the most common business planning mistakes — becoming so enamored of the business that you lose your objectivity. Too many times the decision is first made to launch a business or buy a company, and the business plan is then skewed to justify the go-ahead decision. Instead, your business plan should help you determine whether or not you should proceed with your investment.

We opened our store in April 2004, hit break-even after three months, and in 2005, our first full year, we met our goal of \$400,000 in sales — even with three severe hurricanes during our first 18 months of operation. In 2006, we are

experiencing 25 percent growth. We attribute our success to a solid business plan and good execution of that plan.

Some people erroneously assume that buying into a franchise will eliminate their need to develop a business plan. A franchise provides a business model and answers some of what needs to be in your business plan. But it is incumbent upon the entrepreneur to develop the rest. In our training program we focus a significant amount of time with each company on developing its plan.

Some of the items that should be included in your business plan are discussed below. We strongly recommend that you develop a written plan. It will

be a document that you should refer to and amend periodically. And if you wish to go for funding sources, a solid business plan will be expected and essential.

Investing the time and effort to develop your business plan will pay dividends as you launch your new business or look to take your existing business to the next level. **R**

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## What should be included in a business plan?

- 1) Your business plan needs to define what your business will be.** This may seem a little silly at first, but you need to state what you will do. Will you have a retail store? Will you work out of your home? Will you set up shop in an industrial park?
- 2) What is your target market?** What types of customers will you go after? Are you targeting a local market only? Do you want to target a larger geographic area? Will you sell on the Internet? What sales approaches do you need to implement for each target market?
- 3) What is your value proposition (what will compel customers to want to buy from you)?** What marketing strategies and activities will you undertake to promote your company and your value proposition?
- 4) What products and services will you offer?** Will you remanufacture or outsource? What parameters will you use for the make/buy decision? What guarantee will you offer?
- 5) Who is your competition?** What risks do they present to you today? What risks might they present in the future? What competition may exist in a year or two (or five) that doesn't exist today?
- 6) What suppliers will you use?** What criteria will you use to choose them? How will you go about the selection process? Where will you get your training? Where will you receive your ongoing support?
- 7) What business entity will you form?** Will you incorporate, set up a limited liability company, or a sole proprietorship? You need to consult with your accountant and/or attorney regarding this important decision.
- 8) Where will you locate your business?** What will you look for? What do you need to consider in negotiating a lease?
- 9) What staffing requirements will you need?** What skills will you need to hire? What salaries do you need to pay? What benefits will you offer?
- 10) Most importantly, can this business make money?** You need to develop financial projections for at least the first year (probably two years), including a profit and loss (P&L) statement. This is likely the most difficult aspect of your business-plan development, but it is essential to help you determine the levels of profitability that you can expect to achieve. If the numbers don't show what you are hoping for, analyze them further to see what you can honestly do to adjust your projections. Don't fudge the numbers to get the result that you want to see.