

## Session Six

# Planning Your Business Venture

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Good plans shape good decisions.  
That's why good planning helps  
to make elusive dreams come true.

— Lester R. Bittel

### Overview:

Learning to plan is an essential part of achieving success in your personal and professional life. Most of us are familiar with the expression “if you fail to plan, you plan to fail.” In past sessions, we have discussed the bigger picture of planning: deciding on the steps to take to prepare for your ideal career. This session focuses on showing you how to plan to launch your own business. The final sessions of this course will take you step-by-step toward developing a business plan. Before reaching this point, you will need to explore a number of questions about the overall goals of your business.

Planning for a business venture is the key to success. The planning phase begins after you have carefully selected and evaluated various opportunities and ideas, as you have in past sessions. Now you are ready to start building a general planning framework by following a step-by-step guide. This guide will help you answer the following essential questions:

**What** is to be done?  
**Why** is it being done?  
**Where** will this be done?  
**When** will this be done?  
**Who** will do it?  
**How** will it be done?

Why is planning important? What problems and pitfalls can planning avoid? After completing this session, you will be able to speak to these questions. One of the key purposes of planning is to help to determine when changes are necessary and allow time to make them. By beginning the planning process

early, you will be able to make adjustments to your business plan before it is formally reviewed and critiqued.

**Note to Instructor:** The format for this session deviates slightly from what you have used in the past to allow students a block of time to brainstorm and research the answers to the planning questions poised in the materials. You should be prepared to move students to a computer lab where they can begin writing their venture plan. The students' discussion and writing time should continue beyond this class period and you should set deadlines for when you expect them to submit the written responses to each question. To maximize time, you may decide to eliminate the class discussion and book discussion portions of this session. However, these activities are included in the guide.

**Session Goal:**

To begin the process of developing a business plan.

**Section activities at a glance:**

Suggested Activities	Time	Objective
 <p><b>6.1 Presentation: Why its important to have a business plan</b></p> <p>presentation</p>	10	To recognize the importance of venture planning and give examples of how planning can overcome problems
 <p><b>6.2 Presentation: What is a Business Plan?</b></p> <p>presentation</p>	10	Introduce students to the concept of a business plan and present areas of investigation for future session
 <p><b>6.3 Class Discussion: Review background research, current events and case studies</b></p> <p>discussion</p>	25	Solicit input from students on what they have observed about leadership in entrepreneurship in the news.
 <p><b>6.4 Class Discussion: Background Reading</b></p> <p>book talk</p>	20	Discuss this week's assigned text. Review the major lessons and answer any questions. Determine how students can put the information to use for their own entrepreneurship plans.
 <p><b>6.5 Session VII Preview and Assignments</b></p> <p>preview</p>	5	Provide overview of next session's topic. Clarify time and meeting place of next activity. Assign background reading.
 <p><b>6.6 Interaction — Initial Steps to Formulating a Business Plan</b></p> <p>interaction</p>	45	Brainstorm and begin writing responses to fundamental questions posed in a business plan.



## Activity 6.1: Presentation: Why is it important to have a business plan?

**Time:** 10 minutes

**Purpose:** To recognize the importance of venture planning and give examples of how planning can overcome problems

**Materials Needed:** Chalkboard, overhead and transparencies, or flip chart, participant handouts.

### Facilitator Presentation — Discussion Notes:

By now, students have heard that the end result of the *Aspira Business Club* meetings is the opportunity to create a business plan. Students who just want to roll up their sleeves and start operating their dream business may be wondering why the business planning process must come first. It is important for eager entrepreneurs to understand why developing a business plan is so important. Below are topics that the instructor should cover.

#### **I. First of all, what is a business plan?**

We will discuss the details of the business plan format in a few minutes. Basically, a business plan is a formal presentation (often a document and Power Point slides) that outlines how you will launch, market, manage and finance your business idea. It shows how well you and your partners are qualified to run the business. Anyone reviewing your business plan should be able to see how much thought you have put into your business idea and opportunity.

The venture plan is a basic planning tool, but it also bridges the gap between thinking and doing. The general planning framework described in the last section essentially forces the entrepreneur to ask and clarify specific questions before starting a venture. The venture plan will contain some of the same questions as asked in the framework, but a **decision**, **action**, or **statement** will be made on each.

**II. Why is business planning so important?**

From the Small Business Association web site<sup>1</sup>:

“...A business plan precisely defines your business, identifies your goals, and serves as your firm’s resume. The basic components include a current and pro forma balance sheet, an income statement, and a cash flow analysis. It helps you allocate resources properly, handle unforeseen complications, and make good business decisions. Because it provides specific and organized information about your company and how you will repay borrowed money, a good business plan is a crucial part of any loan application. Additionally, it informs sales personnel, suppliers, and others about your operations and goals.”

What are possible benefits of preparing a venture plan? Some items that students may discuss include:

- effective teamwork;
- learning from mistakes and failures;
- the process of reassessing and realigning objectives and goals as the venture progresses; and,
- getting effective support, advice, and assistance.

**III. Who will see my business plan?**

Eventually, anyone who is willing to take a risk on being a part of your business venture will see your plan. This includes investors such as a bank or other supporting organization or individuals that may lend you money to get started. Other interested parties include organizations that may choose to partner with you, as well as suppliers and buyers who will depend on your business to buy or sell their products.

For the purpose of this course, the club leader and club members will have a lot of input into your plan. Once your plan is in a more final form, ABC mentors will review it and give you further suggestions. At the end of the course, you will have an opportunity to submit your plan to competitions that provide funding for business start ups. Your club leader may also provide you will other ideas to move from business plan to business venture.

<sup>1</sup> [http://www.sba.gov/starting\\_business/planning/basic.html](http://www.sba.gov/starting_business/planning/basic.html)

**IV. Where do I begin?**

You have already begun by evaluating opportunities and ideas for your venture. This session will require that you begin formulating and answer many tough questions that are the basis of a business plan. As you begin putting your responses in writing, be aware of some general rules for preparing a venture plan:

- **Be honest** with yourself and your teammates, investors, and others involved in your plan.
- **Practice good writing skills:** use clear language, accentuating the positive.
- **Show you have done your homework:** make sure it is clear that you have carefully evaluated your business idea and opportunity, and that you have taken the time to look at other business cases, both the successes and the failures
- **Stress your uniqueness:** how do you and your business idea stand out from the crowd?
- **Make the plan legible and neat:** use appropriate print and paper.
- **Use charts, tables, illustrations and photographs** when applicable
- **Avoid stereotyping:** racial, gender, rural/urban.
- **Be realistic:** do not exaggerate what you will be able to do with your time and resources.

**Discussion questions:**

Who will the plan be presented to?

What mentors can we ask to help review the business plans?

How will the plan be presented to the class? to the local community? to those concerned with the proposal (financial institutions, interested investors, community officials, and others)?

What presentation skills do students need to develop in order to be the most convincing?



## Activity 6.2: Presentation: What is a business plan?

**Time:** 10 minutes

### **Purpose:**

**Materials Needed:** Chalkboard, overhead and transparencies, or flip chart, participant handouts.

### **Facilitator Presentation — Discussion Notes:**

(Encourage students to follow along on their handouts)

Handout 1 shows an outline of a basic business plan. What goes in a business plan? The body can be divided into four distinct sections:

- 1) Description of the business
- 2) Marketing
- 3) Finances
- 4) Management

Addenda should include an executive summary, supporting documents, and financial projections. Although there is no single formula, some elements are common to all business plans and they can be seen in the outline. By searching the Internet, you will be able to find sample business plans that show you what information is required and how it is typically presented. A sample business plan for JavaNet Café is included in the handouts.

**Instructor notes:** Based on your time limits for the course, work with students to identify each section of the outline within the sample business plan. Have students begin making a list of documents and other materials they will have to compile for their business plans. Tell students that they may feel a little overwhelmed by the amount of information they will have to put together. However, the rest of the course will focus on taking care of each part step-by-step. The most important thing is to have a good business idea and focus on developing the details.



### Activity 6.3: Optional Class Discussion — Research, current events and case studies

**Time:** 10 minutes

**Purpose:** Solicit input from students on what they have observed about business structure and skills, leadership and entrepreneurship over the past week.

**Materials Needed:** Chalkboard, overhead and transparencies, or flip chart; current events articles; journals.

#### Discussion Ideas:

During a typical *Aspira Business Club* session, a portion of the time should be dedicated to discussing current events. You may have elected to assign a topic based on an upcoming session, or may leave this session open to students' interests. You may wish you use this portion of class to assess the students' current knowledge and opinions about entrepreneurship and business practices in general. Using the feedback, consider ways to tailor the course further to students' interests.



### Activity 6.4: Optional Discussion of Background Reading

**Time:** 20 minutes

**Purpose:** Discuss this week's assigned text. Review the major lessons and answer any questions. Determine how students can put the information to use for their own entrepreneurship plans.

**Materials Needed:** "Book Discussion Notes" found in the *Teaching Entrepreneurship* Guide for whatever text has been assigned as the pre-course reading. Copies of participant handouts.



## Activity 6.5: Assignments & Session 7 Preview

**Time:** 5 minutes

**Purpose:** Provide overview of next session's topic. Clarify time and meeting place of next activity. Assign background reading, journal entry and research topics.

**Materials Needed:** None

### Steps to Cover:

- 1) Using the Objectives section of the Session 6 Facilitator's Guide, preview the topics that will be discussed during the next session.
- 2) Assign students a topic for next week's journal entry.
- 3) Assign the pages or chapters for the next session's book discussion.
- 4) Make sure that students are clear on the next meeting time and place of the *Aspira Business Club*. Indicate how any schedule changes will be communicated and decide if you or a student will send a reminder.



## Activity 6.6: Interaction —

**Time:** 45 minutes

**Purpose:** Brainstorm and begin writing responses to fundamental questions posed by a business plan.

**Materials Needed:** Handouts; flip chart, markers and tape; computers for recording responses and floppy disks so that students can take files with them.

**Introduction:** Students have had an opportunity to see a business plan outline and review a sample plan. They should now begin working in teams to answer critical questions that form the basis of a business plan.

Before starting your planning process, ask yourself:

How large is your practice/company? What is your annual revenue? How many hours per week do you work? Do you work on weekends? Do you travel? And most importantly, are you happy?

Tough questions? Maybe. But, they need to be answered honestly and realistically, as they will help in the creation of your vision and goals.

### Steps to complete:

- 1) Students should divide into two or more teams of the most logical arrangement. If groups will be presenting business plans together, this is a time for them to come together as a team. If individuals are presenting plans, group them according to type of business (service vs. product; or community-benefit vs. profit).
- 2) Remind students that this is an initial brainstorming session, but that each business venture requires its own plan. Therefore, if anyone is working independently, he or she must submit individual responses to the questions.
- 3) Provide each team with copies of the handout containing the brainstorming assignment
- 4) Give students a timeframe in which they will discuss the questions in class. Encourage them to schedule additional meetings with each other outside of class.
- 5) Encourage each team to appoint a leader to write the responses on the flip chart and guide the discussion. Each team should nominate a secretary who will write down, compile and distribute the brainstorming results to each person.
- 6) At the end of the session, give students a date or dates for when you will expect them to hand in the responses to each question for the instructor's review.

- 7) If there are to be group submissions, the team should assign topics to individuals. If there are individual submissions, each person must submit a complete response to each question.

Thank the students for contributing to a successful meeting of the *Aspira Business Club*. Remind them that the process should be participatory and you look forward to their comments and suggestions for the next session.

# Handout 1:

## Business Plan Outline

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1) Cover sheet

2) Statement of purpose

3) Table of contents

I. The Business

- A. Description of business
- B. Marketing
- C. Competition
- D. Operating procedures
- E. Personnel
- F. Business insurance

II. Financial Data

- A. Loan applications
- B. Capital equipment and supply list
- C. Balance sheet
- D. Breakeven analysis
- E. Pro-forma income projections (profit & loss statements)  
Three-year summary  
Detail by month, first year  
Detail by quarters, second and third years  
Assumptions upon which projections were based
- F. Pro-forma cash flow

III. Supporting Documents

- Tax returns of principals for last three years Personal financial Statement (all banks have these forms)
- For franchised businesses, a copy of franchise contract and all Supporting documents provided by the franchisor
- Copy of proposed lease or purchase agreement for building space
- Copy of licenses and other legal documents
- Copy of resumes of all principals
- Copies of letters of intent from suppliers, etc.

**Handout 2:**  
**JavaNet Internet Café:**  
**Sample Business Plan (attached)**

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## Handout 3: Initial Brainstorming Questions

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**Each individual or team that plans to start a business must answer these questions in detail. Each question is fundamental to the business planning process. Check with your club leader about when your responses are due and when/how he or she will provide input.**

- 1) State the primary activity or product of your business. What needs does it fill?
- 3) Who are the potential customers for your product or service and why will they purchase it from you?
- 4) Who is the owner? Who are the partners? What special qualifications and experiences to these people bring to the business?
- 5) State the mission or purpose for the venture. It should be clear to all persons involved.
- 6) What are the primary goals of your business? Does this business have a social aspect (i.e. community benefit) or it is purely commercial?
- 7) What type of start-up money do you anticipate needing? Where will you get it from? How quickly do you believe you can pay back any loans?
- 8) How will you sell your product? How will you reach your potential customers?
- 9) Do you have competitors? How will you compete against them?
- 10) Who are your suppliers, creditors, buyers or other companies you will depend on?
- 11) Will you have a staff? Describe the role of each person involved?
- 12) What type of obstacles or problems might your business face? What are your plans to solve them?
- 13) Evaluate the present strengths and weaknesses. Analyze the resources available at the present time. Be more realistic in their expectations.
- 14) Start creating a timeline for your business. Include a start date and various goals for the venture. Both long-term and short-term goals may be identified that will be developed in light of the strengths and weaknesses.