

# Why You Need To Write A Business Plan

From Susan Ward

## **5 Reasons For Writing A Business Plan**

The business plan is the blueprint for your business. You wouldn't walk over to an empty lot and just start nailing boards together if you wanted to build a house. Starting a business without a business plan is just as foolish.

Yet unlike a house, a business isn't static. We often make the mistake of thinking of a business plan as a single, static document that you just put together when you're first starting out and then set aside.

In actuality, the business plan for any business will change over time as the business develops, and any particular business may have multiple business plans as its objectives change.

Here are five good reasons why you should write a business plan:

### **1) To test the feasibility of your business idea.**

Writing a business plan is the best way to test whether or not an idea for starting a business is feasible, other than going out and doing it. In this sense, the business plan is your safety net; writing a business plan can save you a great deal of time and money if

Often, an idea for starting a business is discarded at the marketing analysis or competitive analysis stage, freeing you to move on to a new (and better) idea.

### **2) To give your new business the best possible chance of success.**

Writing a business plan will ensure that you pay attention to both the broad operational and financial objectives of your new business and the details, such as budgeting and market planning. Taking the time to work through the process of writing a business plan will make for a smoother startup period and fewer unforeseen problems as your business becomes established.

### **3) To secure funding, such as bank loans.**

You're going to need both operating and startup capital to start a new business and you have no hope of getting any money from established financial institutions such as banks without a well developed business plan. And established businesses often need money, too, to do things such as buy new equipment or property, or because of market downturns. Having a business plan gives you a much better chance of getting the money you need to keep operating or to expand.

#### **4) To make business planning manageable and effective.**

A business plan is essential if you're thinking of starting a business, but it's also an important tool for established businesses. Viable businesses are dynamic; they change and grow. The company's original business plan needs to be revised as new goals are set. Reviewing the business plan can also help you see what goals have been accomplished, what changes need to be made, or what new directions your company's growth should take.

#### **5) To attract investors.**

Whether you want to shop your business to venture capitalists, or attract angel investors, you need to have a solid business plan. A presentation may pique their interest, but they'll need a well-written document they can take away and study before they'll be prepared to make any investment commitment.

Be prepared for your business plan to be scrutinized; both venture capitalists and angel investors will want to conduct extensive background checks and competitive analysis to be certain that what's written in your business plan is indeed the case.

Writing a business plan is time-consuming, but it's essential if you want to have a successful business that's going to survive the startup phase. If your business doesn't have one, maybe it's time to start working on one. The process of writing a business plan can do wonders to clarify where you've been and where you're going.

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