

Ask Irene

Advice for the Entrepreneur



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Q. *I have been in business for five years; do I need a business plan at this point?*

A. If you never had a business plan when you started that business and were able to stay in business for five years, then congratulations! It is not very often that you can be successful in operating a small business without some kind of planning.

Business planning does not have to be formal, long and complicated. It involves knowledge, research, experience and gut instinct. Most entrepreneurs start their businesses with a plan in their head. Unfortunately, this method does not provide a growth plan for your business, meaning you run your business by the seat of your pants. If something goes wrong, you have to be able to tackle the crisis without any strategic direction.

If the purpose of starting a business is to provide a job for yourself and nothing more, you might survive and only worry about yourself. But, if the purpose of having your own business is to accumulate wealth through business expansion, then that is a totally different story. Several reasons to write your business plan are:

- A business plan is a road map. You need to know where you are going and the direction to get there. Otherwise, how would you know you have arrived?
- Without looking ahead, how do you know if you are going down a dead end or toward a cliff?
- Knowing the business condition ahead will help you prepare for the journey – like cash injection, extra marketing or changing target market demographics.
- Provide a guideline for you to stay on track with your business.

Fast-growing businesses need to anticipate the financial and infrastructure needs to support the growth. Therefore, it is imperative for the business owners to conduct business intelligence to identify potential market expansion, new competition, changes in the industry and government policies. Additionally, this research could help in planning for cost increases and cash flow requirements.

Writing an excellent business plan does not guarantee success. The cause for failure in small business is usually related to more complicated factors, such as misunderstanding market demand, unanticipated events that cannot be foreseen, major changes in industry and other issues. The process of writing a business plan, however, will help you test your assumptions for growth, expose market and industry conditions, uncover potential roadblocks and weaknesses for your business and much more.

A business plan is only as good as the implementation. A well-written business plan is not useful without excellent execution. The execution of your business plan will require you to put your leadership skills to work and periodically review and revise the plan. It is important to ensure that your plan is realistic and practical. 📌

Sources for business plan information:

www.sba.gov

www.bptools.com

www.paloalto.com