



Six (6) Reasons Why You Need A Business Plan

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• Six (6) Reasons Why You Need A Business Plan •



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A business plan is a management tool. Do you need a business plan? Yes if you:

You Need To Decide Whether To Start A Business.

This plan will help you improve your chances for success and avoid making serious mistakes. You may be the only one who reads this plan, although you should have input from a number of other people with business experience. You need to ask yourself the following questions and incorporate the answers in your business plan:

- What does it take to succeed in this type of company?
- Do you have the skills and background necessary?
- Can you afford to take the risk? What effect would the business' failure have on you?
- What is the growth potential for the business? Can it meet your financial expectations and requirements?
- Is there a large enough market for your products/services?
- Will you enjoy owning and managing the business?

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A business plan is an important ingredient to the success of a start-up business.

You Want to Jump Start Your Business

Whether you're an entrepreneur doing business on the Internet or operating a traditional business, a stay-at-home Mom with an arts and crafts company, or a writer trying to break into publishing, a business plan acts as a guide to success. Developing your business plan helps determine your objectives and focuses you on the strategies and action plans necessary to accomplish those objectives.

If you're looking to boost your business it's time to answer a few questions in your business plan.

- What are your skill levels and talents?
- What are goals for each month's sales?
- What are your resources, time available, advertising and promotional budget, website?
- Do you have the necessary equipment? If you don't, how will you obtain the equipment?
- What barriers do you face?

You Want To Better Organize Your Company or Improve Its Operations.

This is a time and task oriented plan for use internally. It suggests actions that need to be taken and assigns responsibility. Questions that need to be answered:

- How does our company compare to leaders in its industry?
- What are our management weaknesses? How can we make improvements?
- How can we increase sales, serve the customer better, improve manufacturing efficiency, increase the gross margin?
- Do we have the necessary resources to make the above improvements? If not how will we obtain the resources? Do we need a bank loan or line of credit?

You Are Seeking A Bank Loan.

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This plan is used to inspire confidence in your banker and convince her/him that your business is a good credit risk. It is written very logically, with an emphasis on the financial projections and presentation of historical financial results. Bankers who make bad loans get fired, so they like to err on the side of caution. A banker is looking for safety and a demonstration that the company can generate sufficient cash flow to pay the interest and the principal. Bankers are not looking for a huge return on their money. They don't want to take part in the management of your company or sit on the board of directors. Your business plan will need answers to these questions:

- Will the company's cash flow be stable enough to make the payments on the loan?
- Are the long term prospects of the business favorable?
- Does the company have a reasonably good track record?

You Need An Investor/Partner.

The plan must demonstrate considerable upside potential for the business. The banker was content to get his money back plus, say 10% interest. The investor may want a return of 30% to 50% or more. This plan must be written in an interesting manner and keep the reader's attention. Your business plan is competing with all the other plans submitted to the investor. Make sure you address the following questions:

- Can the company grow rapidly?
- Are the margins attractive?
- Have you succeeded in other business ventures?
- Is this a market that is emerging, with a large and bright future?
- How much of the company are you willing to give up, both in equity and management control?

You Want To Sell Your Business

You must prove to a potential buyer that your company is worth paying a premium for. Sometimes this can be called a marketing presentation, offering memorandum, or valuation. It is not strictly a valuation, as you are trying to establish your sales price for the business, not determine a value. Usually a valuation is completed by an objective third party. You're likely to be asked:

- Is there untapped potential for the business that a new owner could take advantage of?

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- If the new owner had more capital, could the business grow more rapidly?
- Are there new markets that could be entered?
- Could costs be reduced and therefore profits increased?

Every business should have a business plan. It's the road map to success. But a well thought out business plan is critical if your company is seeking financing.

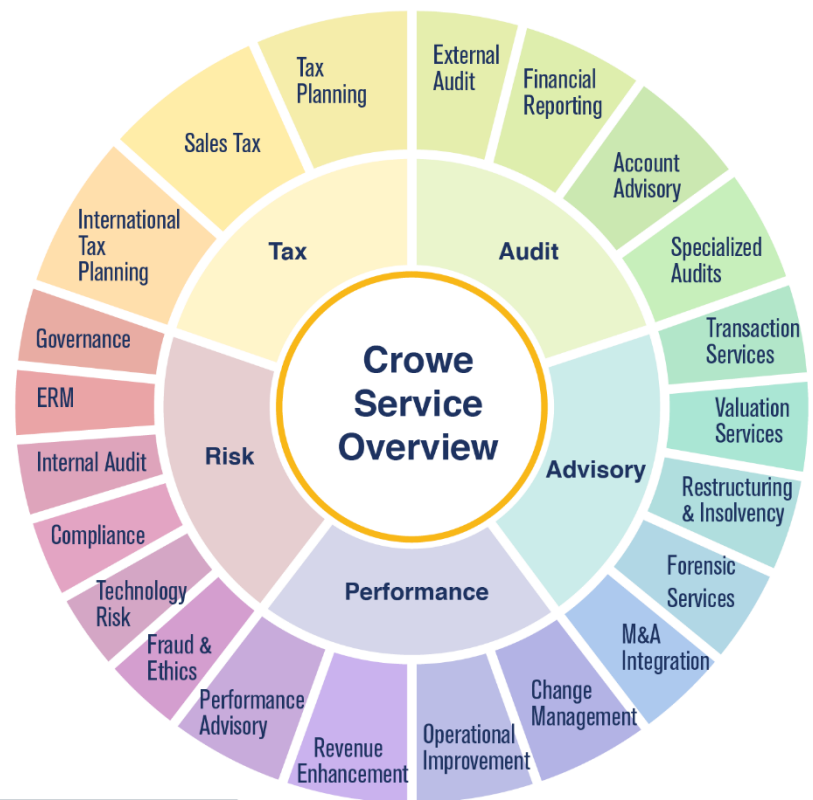


**We understand
the strengths of your business.
Facing a business challenge?
We can get you there.**

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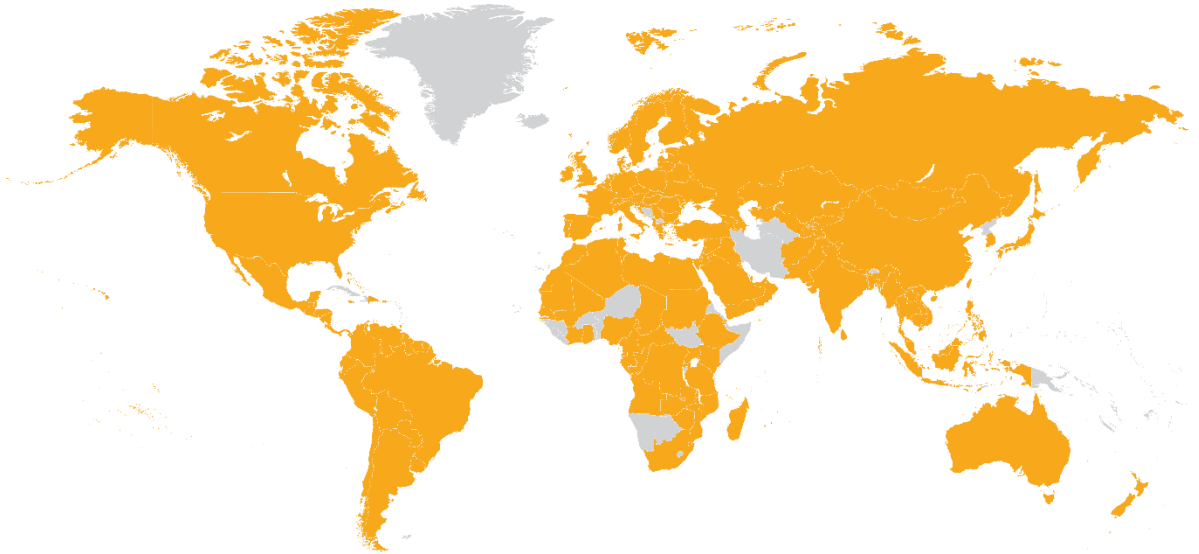
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About us

Crowe Global

Ranked the eighth largest accounting network in the world, Crowe Global has over 180 independent accounting and advisory firms in more than 130 countries.

For almost 100 years, Crowe has been making smart decisions for multinational clients working across borders. Our leaders work with governments, regulatory bodies and industry groups to shape the future of the profession worldwide. Their exceptional knowledge of business, local laws and customs provide lasting value to clients undertaking international projects. Crowe provides global reach on a personal scale. Firms are focused on the future and the client experience, working with clients to build something valuable, substantial, and enduring. Close working relationships are at the heart of our effective service delivery.

At Crowe, our professionals share one commitment, to deliver excellence.

Crowe Jamaica

Crowe Jamaica is a professional service firm offering a full range of Audit, Accounting, Advisory and Taxation Services. We are a firm of chartered accountants whose concept of service is to solve problems, exploit opportunities and turn advice into action. Our style is personal and our outlook progressive. We continually strive to create value for our clients.

Established in 2002, we have become one of Jamaica's leading accountancy practices and lead the field in the provision of advice to private clients and business owners.

Crowe Jamaica is one of the largest public accounting, consulting, and advisory firms in

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Jamaica. Crowe Jamaica uses its deep industry expertise to provide audit services to public and private entities while also helping clients reach their goals with tax, advisory, risk and performance services.

Crowe Jamaica serves clients worldwide as an independent member of Crowe Global. The network consists of more than 180 independent accounting and advisory services firms in more than 130 countries around the world. Our network of Jamaica offices (Kingston, Runaway Bay, Montego Bay and Mandeville) ensures that we can provide a local service backed by the expertise of a major national practice.

Our firm provides outstanding service to our clients because of our dedication to the three underlying principles of Professionalism, Responsiveness and Quality.

Crowe Jamaica is particularly known for our one – stop – shop concept that was, according to our client’s experience, of invaluable significance to those companies that are establishing their business operations in Jamaica. To respond to clients growing demands, we developed deep industry specialization together with innovative technology, which enables our dedicated professionals to create value for our clients with integrity and objectivity. Furthermore, membership in Crowe Global provides us the worldwide capabilities of a highly integrated network to deliver value to multinational clients doing business across borders.

Our professionals are experts who all share a commitment to delivering technical excellence and the highest standards of client service. Relying on both international expertise and the local office strength, Crowe Jamaica approaches its clients in a comprehensive and responsible way.

For information regarding our services contact us: info@crowehorwath.com.jm

