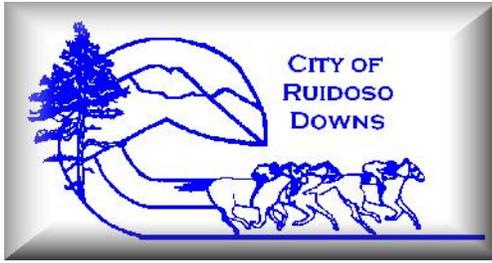


# Plan for Profitability



Every successful business begins with a plan that helps its owner stay focused on well-defined goals, just as a navigator charts a destination and sets a course to reach it. Whether you're just starting out or running an established enterprise, a business plan helps you measure your progress. And it helps you secure financing, because a plan proves to banks and other lenders that you're not just drifting aimlessly from one project or sale to the next.

The plan is critical, but the process of clarifying your vision and committing it to paper is what really makes it work. A business plan is a living document, requiring periodic tweaking as market conditions change. Here's how to start:

- ✓ Write a detailed description of the business and what you'd like it to achieve. Identify the niches you plan to fill and the value you bring to customers. Explain why the business exists, whom it serves, what product or service it offers and what problem the product or service solves.
- ✓ Define the demand for your products or services. If local demand isn't strong enough to sustain your business, explain how you'll expand your distribution area or your plan to be closer to your customers.
- ✓ Identify your competitors and specify how your product or service is superior to theirs. Explain what your competitors are not doing well and what you can do better.
- ✓ Describe how you plan to reach your target market with advertisements and other appeals.
- ✓ Review the business's ownership and its legal or tax status. Ask your attorney or accountant to determine which organizational structure works best for you and provides protection from liability.
- ✓ Outline how the business will be managed. Consider what types of insurance you need, agreements you need to sign and certifications or permits you need to secure.
- ✓ Estimate your monthly operating expenses. Be thorough and realistic, and let an accountant or trusted adviser review your projections.
- ✓ Project your monthly revenue and when you expect to receive it. Delayed payments can lead to cash flow shortfalls if bills come due before accounts receivable are paid.
- ✓ Use your revenue and expense estimates to determine how much money you need at the end of each month over two years and how much money you need to compensate for losses until you can make a monthly profit.
- ✓ Decide how much to charge for your product or service and how much you must sell to reach a break-even point.