

Why You Need A Business Plan



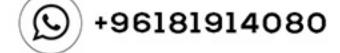














1. To better understand your competition.

Creating the business plan forces you to analyze the competition. All companies have competition in the form of either direct or indirect competitors, and it is critical to understand your company's competitive advantages.



















2. To better understand your customer.

Why do they buy when they buy? Why don't they when they don't? An in-depth customer analysis is essential to an effective business plan and to a successful business.



















3. To document your revenue model.

How exactly will your business make money? This is a critical question to answer in writing, for yourself and your investors.

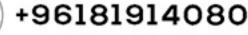




















4. To determine your financial needs.

Does your business need to raise capital? How much? One of the purposes of a business plan is to help you to determine exactly how much capital you need and what you will use it for.



















5. To attract investors.

It answers investors' questions such as: Is there a need for this product/service? What are the financial projections? What is the company's exit strategy? While investors will generally want to meet you in person before writing you a check, in nearly all cases, they will also thoroughly review your business plan.



















6. To attract partners.

Partners also want to see a business plan, in order to determine whether it is worth partnering with your business. Establishing partnerships often requires time and capital, and companies will be more likely to partner with your venture if they can read a detailed explanation of your company.



















7. To position your brand.

It helps to define your company's role in the marketplace. This definition allows you to briefly describe the business and position the brand to customers, investors, and partners. With the industry, customer and competitive insight you gain during the business planning process, you can best determine how to position your brand.



















8. To document your marketing plan.

How are you going to reach your customers? How will you retain them? What is your advertising budget? What price will you charge? A well-documented marketing plan is essential to the growth of a business.



















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