

## Components of Effective Business and Marketing Plans

(Updated: June 16, 2017)

**Clear writing is clear thinking!**  
(see last paragraph on this page)

Business plans and marketing plans share many of the same characteristics:

- both business plans and marketing plans describe a promising opportunity, as well as the essential activities necessary to take advantage (or "exploit") that opportunity;
- both plans specify target markets and targeted customers that will make the venture successful; and
- both plans provide financial justification to show how investing resources will result in a promising return.

The essential difference between a business plan and a marketing plan: ***business plans describe how an enterprise will accomplish every aspect of its mission, while marketing plans describe how the venture will achieve its growth goals.***

### Why Bother to Develop a Business or Marketing Plan?

Whether you're considering starting a new venture or operating an existing business, there are three good reasons to develop a business or marketing plan:

- 1) Find and Exploit New Opportunities - the disciplined act of creating a business plan forces business leaders to think about their enterprise in a more creative way. This helps business leaders penetrate the *status quo* - or, in other words, helps them understand if the routine of their business is preventing them from finding new opportunities (like operating efficiencies, strategic alliances, acquisition opportunities, hiring new team members, launching new products, creating new marketing and sales initiatives, etc. etc.) that could significantly increase profits;
- 2) Secure Appropriate Resources - only the rarest of opportunities do not require some additional resources. Those resources can be money, people, new equipment, strategic allies or even just new ideas for sales and marketing. By creating a plan, the business leaders not only identify the types of resources necessary to achieve plan objectives, but also how much these resources might cost and how they can be obtained. *The business plan then becomes a document the business leader can use to secure those funds from investors, recruit the new people the enterprise needs, and/or find those strategic allies;* and
- 3) Clarify and Communicate Vision - even the smallest businesses have multiple "stakeholders" (e.g., employees, customers, potential customers, suppliers and potential strategic allies / acquisition targets). Once business leaders create a plan that identifies new opportunities and the resources required to exploit those opportunities, they need to communicate what they intend to do with the stakeholders they need to succeed. Creating a plan forces the business leader to crystallize the vision of what they intend to accomplish in motivating terms.

#### Why Bother to Develop a Business or Marketing Plan?

- 1) Find and exploit new opportunities
- 2) Secure appropriate resources
- 3) Clarify and communicate vision

Even small businesses need to create appropriate plans. They don't have to be long plans (see *Resource 26-03: Long vs. Short Plans: Pros and Cons*). They can be expressed with an economy of expression in a few pages or Powerpoint slides (see *Resource 23-16: The Value of Concise Communications*).

But there is an old statement that is very true: **"Clear writing is clear thinking."** *The disciplined act of creating a written plan - even just a bullet point plan - almost always reveals practical ways to pursue promising opportunities.*

<b>Components of Effective Business and Marketing Plans</b>	
<b>Business Plans (short version)</b>	<b>Marketing Plans</b>
<i>how an enterprise will accomplish every aspect of its mission</i>	<i>how the venture will achieve its growth goals.</i>
Executive Summary Business Description and Vision Market Description / Competitive Analysis Descriptions of Products and Services Leadership Team / Human Capital Plan Marketing and Sales Plan Financial Projections / Risk Assessment / Scenario Planning	Executive Summary Concept Overview: Challenge / Opportunity Customer Analysis / Target Customers Competitor Analysis / Response Tactics (Promotion, Pricing, Product) Budget / Financial Projections
<b>Business Plans (long version: appropriate when seeking significant outside investment)</b>	
Executive Summary Business Description and Vision <ul style="list-style-type: none"> <li>• Company and Concept</li> <li>• Products and/or Services</li> <li>• Growth Strategies / Value Creation</li> </ul> Industry Analysis <ul style="list-style-type: none"> <li>• Industry Structure, Size and Growth Rate</li> <li>• Competitive Analysis</li> <li>• Industry Trends</li> </ul> Leadership Team <ul style="list-style-type: none"> <li>• Founding Leaders</li> <li>• Targeted Key Leadership Hires</li> <li>• Human Capital Plan</li> </ul>	Marketing and Sales <ul style="list-style-type: none"> <li>• Differentiation</li> <li>• Target Customer / Customer Segments</li> <li>• Costs of Obtaining / Retaining Customers</li> </ul> Operating Plan <ul style="list-style-type: none"> <li>• Internal Operations Plan</li> <li>• Key Suppliers</li> </ul> Finance and Business Economics <ul style="list-style-type: none"> <li>• Revenue Forecasts / Cost Structure Analysis</li> <li>• Start-Up Costs</li> <li>• Financial Projections / Scenario Analyses</li> </ul> Risk Analysis Launch (or Implementation) Plan and Timetable

**Developing a Business Plan: First Steps**

The best first step in creating a business plan is to go back to the nine steps you took to start your new business (See *Resource 23-02: Nine Steps for Starting Your Small Business*). Documenting the first six entrepreneurial steps you took to launch a small business serves as an effective way to create the essential components of a concise business plan.

<b>Entrepreneurial Steps to Launch a Small Business</b> <i>(from Resource 23-02: Nine Steps for Starting Your Small Business)</i>	
1) Describe your <i>differentiated offering</i>	4) Determine your marketing and selling strategies
2) Identify and quantify your target market	5) Secure your funding (and your mentors / advisors)
3) Create your one-page financial projections ( <i>pro forma</i> )	6) Develop your Launch Plan

Next, you should create a Table of Contents most appropriate for your situation. A small business leader looking to revitalize an enterprise can develop a shorter business plan that focuses only on key initiatives. On the other hand, an entrepreneur seeking significant funding from outside investors will need a more comprehensive business plan.

*Customize your business (or marketing) plan based on the unique aspects of situation and aspirations.*

### Most Frequent Errors in Creating Business and Marketing Plans

Perhaps the most common errors that business leaders make when developing plans are:

- **focus errors** - plans should focus on elements that are essential for success. Too often plans provide extensive narratives on issues of secondary importance that prevents the reader from understanding the essential points. *A plan should focus on the essential details necessary for the reader to understand - additional details (like detailed market research results, extensive cost breakdowns, etc.) for readers who crave these details can be included in plan appendices;*
- **technical errors** - a frequent technical error in business and marketing plans is an executive summary that is not a summary at all. Too many plans include a section labeled "executive summary" that is really an introduction (see box to right, blue print). An executive summary should be a concise narrative that highlights the most important aspects of the plan, providing the reader references to find additional details.

**The reader should be able to understand the essential recommendations and "asks" of the plan just by reading the executive summary;** and

- **spurious details** - because plans are projections about the future, there is only so much that can be known. A plan that provides twenty years of cash flow projections - or projections down to the penny - may look foolish to an experienced investor. Further, dedicating the time to provide too much detail in one area of the plan may prevent the business leader from fully considering other aspects of the plan more central to the success of the enterprise.

#### Creating a Proper Executive Summary

- Far too many plans do not include a properly-developed executive summary
- Major error: what is labeled an executive summary is in fact an introduction
  - *An introduction outlines what a plan will include*
  - *An executive summary provides a concise overview of a plan's key conclusions and recommendations*
- An executive summary should be a one-to-three page narrative (with tables and figures) that references where the reader can find additional detail within the plan

**Final note: there are many ways to create effective business and marketing plans.** A series of links to effective resources appears on the next page.

Your teacher will provide you with access to the business plan exercises that show how different organizations help small business leaders and entrepreneurs create effective plans. No single way is the "right" way.

Most important is a document that shows clear thinking, and the passionate dedication the entrepreneur / small business leaders has for the flawless implementation of a sound plan.

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**Links to Useful Business Plan and Marketing Plan Resources (contributed by Louisiana teachers)****Marketing Plan Template and Guide**

<https://www.business.gov.au/info/plan-and-start/templates-and-tools/marketing-plan-template-and-guide>

**US Small Business Administrative (writing Business Plan)**

<https://www.sba.gov/managing-business/cybersecurity/top-tools-and-resources-small-business-owners>

**Louisiana Small Business Development Center** - the LSBDC has centers and consultants all across the state and would be delighted to speak at any school. They are funded by the government. State Director: Rand Kessler

<https://www.lsbdc.org/>

**Louisiana Economic Development**

<https://www.opportunitylouisiana.com/>

**Start up business plan guidelines and rubric-DECA:**

[https://www.deca.org/wp-content/uploads/2014/08/HS\\_ESB\\_Guidelines.pdf](https://www.deca.org/wp-content/uploads/2014/08/HS_ESB_Guidelines.pdf)

**DECA guide for school-based enterprises**

[https://www.deca.org/wp-content/uploads/2014/08/hs\\_sbe\\_Guide\\_for\\_Managing.pdf](https://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Guide_for_Managing.pdf)

**Other Sources:**

<https://www.cteonline.org/curriculum/lessonplan/creating-your-business-plan/2JrBhN>

[http://www.entre-ed.org/Standards\\_Toolkit/](http://www.entre-ed.org/Standards_Toolkit/)

<https://cete.osu.edu/sites/cete.osu.edu/files/resources/pace/sample-b1-developing-your-business-plan.pdf>

<http://www.nfib.com/content/resources/business-plans/>

<http://mhs.mcisd.net/apps/events/2013/12/18/1640011/?id=u376611>

<http://bizkids.com/wp/wp-content/uploads/Kids-Business-Plan.pdf>

<http://www.sd282.org/curriculum/curr/docs%5CSocialStudies%5CSecondary%5CGrade12-Economics%5CAssessment%5CPerformance-EntrepreneurialBusinessPlan.pdf>

<https://www.va.gov/osdbu/docs/vepBusinessPlanOutline.pdf>