

Business plan

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Business Plan Business Plan A business plan is a formal document containing set goals, a plan on how to attain them, and the reasons for the belief that they will be attained. Preparation of business plan is crucial when buying, starting, financing or refinancing a business. An efficient business plan acts as a blueprint for running an efficient business. According to Chwolka and Raith (2012), a business plan is not an option for those planning to maximize business strategies for future growth. Business plans help in channeling time, money and energy in a focused direction that ensures success. Efficient planning of business activities helps in the determination of the most efficient way of allocating resources such as inventory, assets and budgets. The information contained in a business plan helps in maintaining focus. Such information includes product information, financial estimates and the plans for the future (Chwolka and Raith, 2012). Any updates in a business plan assist an entrepreneur to understand how changes affect the entire business. A business plan enables an entrepreneur to secure financing. Banks, private investors or majority of the lending institutions depend on the business plan to understand the plans that an entrepreneur possesses in running the business, business expenses and revenues as well as future plans for growth. Chwolka and Raith (2012) assert that preparing a business plan fuels ambition for inexperienced entrepreneurs because the business is presented in an organized fashion. Adhering to the business plan enables an entrepreneur to acquire confidence and motivation on the future success. Additionally, business plan enhances the effectiveness of the business through enlightening the executives on the areas that requires focus for future as well as the present business progress. The two most

salient aspects of an effective business plan are the marketing plan and financial information (Chwolka and Raith, 2012). The marketing plan enables the business to enhance competitiveness in the market through identifying the competitors and determining how the business products differ from similar products in the market. Financial information will help to attract investors in the business. From this discussion, it is clear that a plan is a compulsory tool for a successful business. Therefore, what are the necessary steps involved in the formulation of an affective business plan?

Reference

Chwolka, A., & Raith, M. G. (2012). The value of business planning before start-up – A decision-theoretical perspective. *Journal of Business Venturing*, 27, 3, 385-399.