

End business plan bloopers with this seven question guide

Kevin's seven-question business planning guide

We remember that Kevin's definition of an entrepreneur is **"someone with paying customers."** A business plan is a great step towards having paying customers. Your business plan will be your communications tool, road map and accountability document.

We talked a little bit last week about how most templates and software applications are focused on helping you get your plan finished quickly. Doing your plan quickly is, unfortunately, *a shortcut to failure*. Kevin's approach coaches you to take your time and to tell us the *story* of your business.

Try not to let "perfect" be the enemy of "let's get started!" Let's forget about the three ring binders, the charts and graphs. Instead, let's work on the beginning of your journey, not an end product. Our purpose here is to prepare you to draft a business plan for a minimum viable form, startup business.

Question 1: What is the *origin story* of your business idea?

Tell us how you found the market you want to serve. **Perhaps it all started with a personal discovery**, sometimes brought about by a life event. This is investor pitch / Shark Tank / Dragon's Den stuff. You've [probably seen a pitch that starts with:

- "After we had our first child..."
- "When we bought our first home..."
- "My aging mother needed..."

Tell us what frustrated, disappointed or inconvenienced you. Where are you making due, settling or doing without? What did you do to make it better? How many people does this kind of situation impact?

Maybe you are a student of human nature, and you saw frustration, anxiety and doing without in other people. What would it look like to serve that market?

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- “When I visited the local beach, I noticed almost everyone struggled with...”
- “While I was waiting for my luggage at the airport, it seemed to me that most people could really use...”
- “After taking the bus to work for almost a year, I saw that all of us were dealing with...”

Who did the situation impact most? How frequently is this an issue? What is the cost to a person dealing with this challenge?

Did you get a key insight into an incomplete market?

- “Every time we made a purchase, we had to wait for...”
- “Each shipment that arrived was missing...”
- “The information needed to complete the process came from too many different sources...”

Could your solution work on a national and even global scale?

Question 2: Who will you serve?

Your attractive market

- Who specifically are your customers, in five to seven dimensions.
- What are your customers’ specific needs?
- Why will these customers choose you?

Kevin’s target market: Women, 40 to 70, appearance focused roles, very tightly scheduled, specifically seeking a “me time” relaxing salon experience, seeking long term appointment scheduling, willing to pay for quality.

Question 3. What did you learn in your research?

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- What did you look up online, learn at the library or otherwise find in your secondary research?
- What did you find out yourself; by talking to people in your target market, visiting similar businesses, conducting social media polls or other primary research?
- How can you put this all together and **teach us something we didn't know** before we read your plan? Surprise us with your new insights! Telling us something we didn't know before really gets our attention!

Question 4. Why are you a good candidate to start this business?

- Your vision of success
- Your background, experience and resume
- Your personal business network, your team and your mentors
- Tell us how operating this business is in congruence with your personal traits
- Tell us in which ways you will be working outside your comfort zone
- What processes will you put in place to protect the business if something happens to you?

Question 5. How will you enter the market?

- Why is this a good time to start this business?
- Tell us about your minimum viable form, test-the-market approach
- How will you execute your first entry into the market you identified above?
- What do you hope to learn and how will you use that information?

Question 6. Tell us about money

Tell us about the money you need

- Tell us about your minimum viable form startup costs. This is easy. It's just a grocery list of everything you need to buy to get in front of your customers, and a total number.
 - The only tricky part is buying just what you need and nothing extra.

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- Oh, and the other tricky part is not running out of money before you get started. So, two tricky parts.
- What will it cost to run your business? This is fairly straightforward, too. Other people have already figured this out for most businesses.
 - You can get that information at the library and online. You can get general guidelines from online sources. You can get very specific information from licensed library resources.

Tell us about the money you will make

- What is your shortest path to profit?
- How much will you sell? Why? What if you don't?
- Does it make dollars? It's understood that your earliest minimum viable form market test might not be a money maker. It's up to you to tell us how your next iteration will meet that challenge.
- Does it make sense? Are there limits on success due to scale or capacity issues? What due diligence have you done to validate your approach?
- Want to borrow some money?
 - Be prepared to tell us how you will use borrowed funds.
 - Next, tell us how borrowed money will help generate the extra revenue needed to repay your loan

Question 7. What are your roll out and exit plans?

- How will you grow your company?
- Describe potential pivots, e.g., personal chef to food cart to catering company, or; use idle travel trailer as VRBO, rent trailer to campers, deliver lots of trailers to campers campsites, buy property and start RV Park
- What is your path to scale? How big can your model get before it needs to change?
- Where are your inflexion points?
- Where will your business model need to change to continue growth?

Thinking about your exit plan now can radically change the decisions made throughout the startup and maturation of the business.

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- Is this a hobby business, wholly dependent on the owner for its value? Hobby is not a pejorative, a law practice or accountant has a hobby business, too. It's simply being realistic and recognizing that the business will not exist after the owner leaves.
- With hobby businesses, there is no need to structure the business for future sale and the owner should not depend on a future sale to fund retirement. Hobby business owners need a separate retirement plan.
- Is this a pop up business that will exploit an emerging market trend that will quickly fade (Remember stand-alone vape stores)? Pop up businesses need to focus on buzz and rapid ramp up. Marketing needs to begin well in advance of opening and should continue throughout roll out. Owners should bank cash to start their next venture
- Is there a potential for a larger market participant to buy out the business? e.g., Cascadian Farms organic fruit in Skagit County was bought by General Foods, a gourmet chocolatier in Whatcom County was bought by Hersey, etc.
- Startups in this mode need to focus on brand and customer base to build an attractive takeover target.

By now, I hope it is becoming clear that drafting your plan is not an afternoon or weekend task. It's your opportunity to explore your world. It's your chance to design ways to take advantage of the opportunities you discover.

Your plan will help you use your powers of observation and the resources you can gather to do something that is very rare in today's world.

The USA is recognized around the globe as a place where anybody at all can make market discoveries and build a personal business network. Our open markets make it possible to start a business that creates wealth, where none existed before.

And that's pretty cool!