
Introduction to Business Planning

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Author(s)

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Accreditation

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Disclosures

None

Course Objectives

Upon completion of this course, the reader will be able to:

Audience

All health care professionals.

1. List key components of a business plan
2. These should be measurable behaviors or outcomes.
3. Discuss two major types of business plans
4. List components of Microsoft Project software available to health care professionals

Business plans can be a roadmap for success for businesses, organizations, and projects. This includes health care entities from hospitals systems to individual departments. Several components are common among these plans but vary among plans that server different purposes. The author will compare and contrast multiple business plans classified by the literature. Additionally, discussion will include comparison to the Microsoft Project business plan templates available.

Business plans typically included many elements vital to illustrate an entity's scope:

1. Executive Summary
2. Vision and Mission Statement
3. Business Industry and Profile
4. Business Strategy
5. Company Products and Services
6. Marketing Strategy
7. Competitor Analysis
8. Financial Forecasts
9. Loan or Investment Proposal
10. Location and Layout
11. Description of Management Team
12. Plan of Operation

An executive summary is a key to the document and serves as a clear picture of key elements of the entity. It needs to be an engaging snapshot to the reader giving them interest to keep reading. One key component of the plan is the mission statement

which should capture the essence of a business, its goals, and the philosophies that feed them (Mission Statement, 2003). A mission statement should undergo content analysis to consider the customer perspective, including the following concepts (M. David, F. David, & F. David, 2014). Who are the customers? What are the products or services? What are the geographic markets? Is the firm's technology current? What is the firm's concern for survival, growth, and profitability? What is the firm's basic philosophy? What is the firm's self-concept? What is the firm's concern for public image? What is the firm's concern for employees? Challenges in writing missions statements can be putting all this together in a succinct statement with the punch it needs to help differentiate a firm's competitive advantage. It can be difficult writing mission statements that not only describe but also inspire.

A business industry profile includes an assessment of the entity's position in the industry, including feasibility and often a SWOT analysis. The description of service should describe product or service provided with key features or benefit to customers. The market analysis should define the entity's target customers, how they will be reached, and how the product or service will be sold. A financial analysis varies depending on the audience but often includes forecasts, typical financial statements, and strategy intended to illustrate feasibility and potential investor interest. A business

plan should additionally include methods for self-measurement and extensive plan of operation.

Many authors discuss what they consider the two major types of business plans: working plans and investment plans (Fry & Stoner, 1985). According to Paige, businesses grow through success and can apply six different types of business plans to their need: start-up, internal, strategic, feasibility, operational, and growth (Paige, 2014). While there are many classifications and variations of plans, business professionals should select the plan that is most applicable to their purpose and profile. It is important to recognize that one type of plan is not necessarily better than another but merely differ in purpose and focus (Fry & Stoner, 1985). The working plan's purpose is generally considered to provide information and guidance for operational decision (Fry & Stoner, 1985). The investment's plan purpose is answer the obvious questions about the need for funds, how will they be used, and what equity can the owners contribute (Fry & Stoner, 1985). Both plans would be considered important for the success of a business or organization and should be kept updated.

One major difference in types of plans is the key individuals involved in creating the plan. Top leadership is typically involved in all plans but there are key differences in the working plan and financial investment plans. Working plans typically involve input

from operations managers and many other key employees related to business input (Fry & Stoner, 1985). Including key employees helps promote buy in and acceptance. Investment plans certainly do not need the same variety of input and will usually involve the CEO, controller, and other accounting personnel. The investment's plan purpose is answer the obvious questions about the need for funds, how will they be used, and what equity can the owners contribute (Fry & Stoner, 1985).

Another major difference in these two plans is the audience that receives the plan. The working plan is intended for internal use and confidentiality is important. The financial plan by contrast must be viewed by outsiders such as bankers and other sources of financial support (Fry & Stoner, 1985). These audiences require different data, thus illustrating another difference in the building of the two plans. Although they are considered to have similarities in requirements from external information: social trends, economic trends, industry trends, technological developments, competitive analysis, and community analysis (Fry & Stoner, 1985). Internal information elements differ in that the working plan focuses on operational aspects and includes weaknesses that could be an advantage to competitors. The investment plan would include a much more in-depth financial analysis and omit any weaknesses present.

Additional types of plans have been categorized as start-up, internal, strategic, feasibility, operational, and growth (Paige, 2014). Start-ups concentrate on the details to start a new business or project. The components of this plan are similar to the other business models but focus on projections. The core of this model includes company description, projected management team, product or service descriptions, and financial analysis (Paige, 2014). Internal business plans are typically for an audience within the company to evaluate a proposed project (Paige, 2014). Costs, proposed profitability, the current state of business, and projected repayment of potential borrowed capital would be included (Paige, 2014). Targeted demographics of the market should be included along with projected marketing plans. Strategic business plans provide an overall view of the company goals and a roadmap of how they will accomplish them. This plan should include five core elements: vision statement, mission statement, definition of factors critical to success, strategy to achieve objectives, and a schedule for implementation (Paige, 2014).

Feasibility business plans are implemented to determine the feasibility of a proposed business venture (Paige, 2014). The questions of profitability and market acceptance should be answered. Targeted demographics, required funding, and recommendations should be included (Paige, 2014). Operational business plans would

be considered similar or the same as working business plans previously mentioned.

Their scope and purpose both include implementation and employee functions.

Growth business plans include in-depth details of proposed growth (Paige, 2014).

These plans are intended for internal and external audiences focusing on information relevant to investors. Upper management would be included in the company description along with financial projections.

Microsoft Project is a software application which includes business plans for a start-up among others. The start-up includes a timeline, project phases, and other resources to complete various tasks such as a company marketing plan, office space, and staffing plan (Startup Business Plan, 2014). Project also includes a basic project plan intended to function as a template for a new business opportunity. This plan would be most

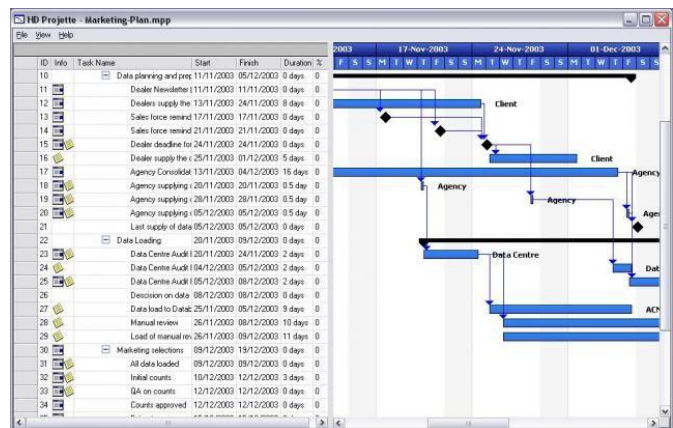


Fig 1

similar to a feasibility plan. Project offers a template for new product sales and profit forecasting and several checklists for new company start up activities including: start-up expenses, capital source list, startup budget, and cash flows analysis.

Fig 1. http://img1.findthebest.com/sites/default/files/688/media/images/Microsoft_Project_2_159914_i1.jpg

Business is a complex world of planning and decision making. Business plans can serve as an important tool in keeping businesses, organizations, and projects on pace and on target. The right plan should be chosen for its intended purpose to allow for the most desirable outcomes, buy in from all stakeholders, and its intended audience.

References

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