

A pair of good first additions to your business plan is the Vision Statement and Mission Statement. Creating these will solidify your goals and make sure you don't get sidetracked.

IMPROVE YOUR BUSINESS PLAN

THE purpose of a business plan is to show you whether or not a business idea is worth doing, which will save you potentially huge amounts of money and time. This discovery usually occurs during the course of working through a business plan, not at the end.

Reading through these common business plan mistakes before writing one will make the task easier, and give you a better chance of success.

1 Not bothering to write one - This is far and away the most common mistake. Entrepreneurs are doers, so it is natural that they want to get on with things and get them done - especially when

they have an idea that they are excited about.

Who hasn't heard of the adage "He who fails to plan, plans to fail?" And that's the fate of almost every business which starts without a business plan - failure. So yes, you need to write a business plan. You don't necessarily need a full-scale formal version of a business plan, but you do need to have one.

2 Not being clear about the purpose of your business plan - A business plan is essentially a solution to a problem, the problem being how you are going to turn your vision into reality.

There are many purposes of preparing a business plan, including: to persuade a potential lender to give you a business loan, to attract investors, to find out if your new business

idea can be turned into a viable business, and to serve as a blueprint for your successful startup.

The purpose of your business plan will affect everything from the amount of research you have to do, to how the finished document will look like (and what you do with it).

3 Not having a clear business model - A successful business has to make a profit; however, it is astonishing that many people who start a small businesses don't seem to grasp this basic fact, or choose to ignore it.

Planning to sell something is not a business model. A business model is a plan for generating revenue over and above your expenses.

For example, you can make the best mousetrap in the world, but if it costs you RM90 to make one, and people are only willing to pay RM10 for it, there is no point to do this business.

By all means, if it provides you personal satisfaction, and you feel the cost is fair, then do it. Otherwise, move on to a business idea that has profit potential.

4 Not doing enough research - Your business plan is only as good as the research

you put into it. To answer the question "Will this work?" you have to find the answers to a cluster of other questions like:

"What are the current trends in this industry?" or "What sets this business apart from the competitors?"

The more complete the

answers, the better prepared you are, either to start your new business, or shelve the idea and move on.

5 Ignoring market realities - You and what you want to do, are only one-half of the equation of starting a successful business. The market is the other. You can have the best products or services for sale, but it doesn't matter if no one is willing to buy it. That is a non-negotiable market reality. So it is crucial for you to test market your products and services before you build a business around it.

- If you sell products, start by selling them at local venues such as flea markets or local trade shows, selling small batches online, using focus groups to gauge interest, and giving out free samples and gathering feedback.
- If you sell services, surveys of potential interest or focus groups can work well.
- The competition is another market reality that must be adequately dealt with. It is not enough to just point out who they are; you need to examine what the competition is doing, and explain specifically how you are going to counter what they are doing to win market share.

6 Setting your business plan aside - If you write a business plan to get a loan and never look at it again, you are wasting most of its value. A business plan is just that, a plan for how your new business will succeed. Treat it as your new business's first planning document, and as you move through the startup period and beyond, edit, and add to it as necessary.