

## **WHAT IS THE BUSINESS PLAN**

The business plan is a written document prepared by the entrepreneur that describes all the relevant external and internal elements involved in starting a new venture. It is often an integration of functional plans such as marketing, finance, manufacturing, and human resources. As in the case of Belinda Guadarrama, it addresses the integration and coordination of effective business objectives and strategies when the venture contains a variety of products and services. It also addresses both short-term and long-term decision making for the first three years of operation. Thus, the business plan - or, as it is sometimes referred to, the game plan or road map answers the questions: Where am I now? Where am I going? How will I get there? Potential investors, suppliers, and even customers will request or require business plan.

If we think of the business plan as a road map, we might better understand its significance. Let's suppose you were trying to decide whether to drive from Boston to Los Angeles (mission or goal) in a motor home. There are a number of possible routes, each requiring different time frames and costs. Like the entrepreneur, the traveler must make some important decisions and gather information before preparing the plan.

The travel plan would consider external factors such as emergency car repair, weather conditions, road conditions, sights to see, and available campgrounds. These factors are basically uncontrollable by the traveler but must be considered in the plan, just as the entrepreneur would consider external factors such as new regulations, competition, social changes, changes in consumer needs, or new technology.

On the other hand, the traveler does have some idea of how much money is available; how much time he or she has; and the choices of highways, roads, campgrounds, sights, and so forth. Similarly, the entrepreneur has some control over manufacturing, marketing, and personnel in the new venture.

The traveler should consider all these factors in determining what roads to take, what campgrounds to stay in, how much time to spend in selected locations, how much time and money to allow for vehicle maintenance, who will drive, and so on. Thus, the travel plan responds to three questions: Where am I now? Where am I going? How do I get there? Then the traveler in our example-or the entrepreneur, the subject of our book-will be able to determine how much money will be needed from existing sources or new sources to achieve the plan.

Hisrich, PhD, Robert D., Michael P. Peters, PhD and Dean A. Shepherd, PhD.  
Entrepreneurship. 6 ed. New York: McGraw-Hill Irwin, 2005.