UNIT II / LESSON 3

The Business Plan:
Developing the Blueprint for a Business Plan

Time Frame
1 day

Standards
Entrepreneurial Skills: The Processes and Traits/Behaviors associated with entrepreneurial success
A. Entrepreneurial Processes: Understands concepts and processes associated with successful entrepreneurial performance;
Discovery: A.04. Determine opportunities for venture creation;
A.06. Describe idea-generation methods;
Concept Development: A.09 Describe entrepreneurial planning considerations;
A.16 Use components of a business plan to define venture idea
Ready Skills: Business Concepts: C.02 Describe types of business activities;
Computer Applications: E.11. Demonstrate basic search skills on the web
Business Functions: Strategic Management O.09. Develop business plan

Guiding Question

Why do I need to "waste my time" creating a business plan?

Objectives

Students will be able to:

- Verbalize issues they have related to creating a business plan for a theoretical business.
- Identify the correct sequence for developing a business plan.
- Use their textbooks, *EntreSkills* and an activity sheet to compare and contrast different approaches to creating a business plan.

Teacher Background

This lesson is designed to build on the previous lesson, which helped students come up with a concrete concept for developing a business. Many of the students are going to question why it is necessary for them to go through the detailed work involved in creating a business plan and it is going to be difficult for a lot of them to take the process of selecting a business and creating a business plan seriously. Again, it is important to reiterate that what they should be able to take seriously is the idea that their business for this year is their course in entrepreneurship. Students' real mark of developing a successful business will not be a monetary profit at this point but a grade that reflects their success. Therefore, the importance of developing a solid business plan at this point is that it will make the work they do later in the course that much easier and more accurate.

Lesson 3 is designed to directly confront students' issues related to creating a business plan for a nonexistent business. The activity sheet, the students' textbook and sections of Chapter 11 of *EntreSkills*

will help to familiarize students with the basic parts of a business plan. Though the main components of a business plan are outlined here, it is important for students to become familiar with the components as described in their textbooks. As a result, there are sections of this lesson plan that require the instructors to customize the plan to their specific texts. It is suggested that if this lesson is being taught during one class period, only pages 1-4 of *EntreSkills*, Chapter 11 be covered; pages 5-8 serve as a means for covering the components of the business plan in greater detail.

New Vocabulary

business plan | business venture | competitive advantage

Materials/Resources

- Course textbook
- *EntreSkills*, Chapter 11, Section 1 (pages 1-4)
- Worksheet II.3A—Components of a Business Plan

Teaching Strategies/Supporting Activities

- Have a volunteer describe his or her idea for a business and then start asking the student questions about the student's business plan, such as: How much do you plan to charge for your product or service? How many employees will you hire and what will you pay them? What do you anticipate your profit will be on each item sold or each service provided, etc.? Elicit the idea that these are the reason why a person needs a business plan.
- Have students read a definition of a "business plan" from their textbook. Based on this definition, ask them why they think that banks require a business plan before they even consider giving a person a loan for a business. Ask: why do you think we are requiring you to develop a business plan this year even though you will not take the Virtual Enterprise course until next year? How is a "business plan" different from a "business venture"?
- Distribute Worksheet II.3A, which is a list of the parts of a business plan. Have students spend ten minutes filling in their own business plan based on the sections noted on the worksheet. The result of this activity should be an increasing level of frustration. Ask them if they have any questions as a result of this activity.
- Tell the class: "Last year at this point, a student was totally frustrated and said: 'I know what I'm doing. I've given it a lot of thought to my business. Why do I have to waste my time doing this incredibly long, boring, and tedious business plan?'" Ask: "What do you think were the first five reasons on my list in response to his question?" Have students come up with their individual lists and share them with the class; these should include reasons such as the need to answer the following questions:
  - Is it feasible for me to create this business?
  - What has to be done before I can even open the doors of my business?

  - Where am I going to get my start-up funds?
  - How am I going to support myself while I am getting the business off the ground?
  - What is my competition?
  - What is different about my business or service?
  - Why should people want to buy my product of service? etc.
- Refer students to *EntreSkills* Chapter 11, Section 1 (pages 1-4) and use the material included in this reference to add to the questions already on their lists. Review lists with students and have students provide feedback to each other.
- Say to students: "Given the question asked by last year's student, let's look at something you must be thinking. If we are not really starting a business this year, why am I making you go through the process of creating a business plan this year?"
- Ask them to explain what part or parts of this business plan they think will be the hardest for them to develop. How do they plan to overcome these difficulties?
- Ask if anyone in the class who was not previously interested in partnering with another student on this project is now considering doing so. Have them explain the reason for the change in their thinking.

Summary/Assessment

Ask students to answer the following questions:

- Why is it often said that the business with a good business plan has taken the most important step towards creating a competitive advantage in the marketplace?
- Why is it also said that the best ideas for a great business are worthless without a business plan?

Follow-Up/Homework

Have students read the chapter in their textbooks that explains the components of the business plan and develop a statement of their businesses' "Goals and Objectives" (some models call this section "the Mission") as well as a statement of "Products and Services." These two core elements of any business plan will get students to start writing and formulating their business plans.

Expand Your Knowledge

Have students conduct an online search for at least two alternative business plan models (in addition to the one in the textbook, the one introduced in class today, and the *EntreSkills* model). Have them compare these models to the ones already reviewed and determine whether they would make changes to the model for a business plan that the class will use for this course project.

WORKSHEET II.3A—Components of a Business Plan

Directions: Now that you have determined your business venture, it is time to create a business plan for that venture. Below you will find a list of the components you will need to complete in the process of creating a business plan. During the next ten minutes complete as many of the components as possible.

1. cover page
2. title page
3. table of contents
4. executive summary
5. company description
6. products and services
7. mission and vision statements/goals and objectives
8. industry overview
9. market analysis
10. competitive analysis/unique competitive advantage
11. management team plan
12. marketing plan/strategy
13. operational plan/manufacturing or delivery process
14. organizational plan
15. financial data and plan
16. growth plan
17. revision or contingency plans
18. supporting documents