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Top Ten Traps to Avoid When Writing Your Business Plan

There are major “traps” to avoid when preparing your business plan whether you are an expanding, successful business or a startup, regardless of your experience, education, or the size of your expectations in terms of goals and mission. We will guide and coach you to avoid these traps and more, thereby limiting the time and money you spend to achieve your goals.

1. You are so close to your business that you often assume people know the important things you know about your industry and company. Thus, you may not define items such as the competition or industry resources appropriately or sufficiently in your Business Plan or Executive Summary.
2. Business Plans are often too long and missing a concise Executive Summary, which needs to be a standalone document that can also be separated from the Business Plan.
3. Most potential lenders only want to read an Executive Summary, and then, if interested, they will ask for the complete Business Plan. For startups and existing companies with established relationships and an existing good bottom line, an Executive Summary and a short version of the Business Plan are often enough, and the complete Business Plan and more specific details can follow if needed.
4. Internal Projections usually fall far short in addressing the needs and expectations of both a senior executive at a lender and their “bean-counter” or an investor and their trusted accountant. See [Forecast and Financial Presentation](#) and [Sources and Uses of Funds](#) for more information on expectations of investors and lenders.
5. Projections almost always have to be revised a number of times based on input from lenders, investors, and their accountants and consultants. Utilizing the appropriate format and providing sufficient details and footnotes on assumptions will allow edits and revisions on an expedited basis that can suit a single investor or bank and result in a quick turnaround once there is an expressed interest. We will ensure that you avoid the trap of insufficient detail and inappropriate formatting in Excel worksheets and customize the data to present your strengths to the best advantage.
6. You may use templates, which usually provide too much unnecessary information, when Sections and Subsections of the Business Plan would better fit your business. Often, when companies hire business consultants to finish their Plans, editing, removing, and/or inserting appropriate language in the Sections can involve as much or more work than starting from scratch. While templates are better than nothing, they typically fall far short of your business needs, resulting in a Business Plan that does not reach the company’s goals, which typically involve funding.

7. When you have collateral and are seeking debt, it is usually straightforward. However, equity placements, where there are potentially many investors require an experienced consultant and a securities attorney of substance. If you are targeting a single or few investors, the rules and the content of the Business Plan change. Sections of the Plan such as ROI, Exit Strategy, and Risk Factors often fall far short, leaving you at risk of insufficient disclosure.
8. How much of the company do I need to give up in order to raise the capital that is needed to accomplish my business goals or mission? That is a tough question, and few answer it correctly because they are either too close or too confident to see the risk factors and do not offer enough equity to get funded, **or**, worse yet, they offer too much when their plan dictates otherwise.
9. About Your Team - We have seen many companies offering new technology, offering existing services needed in a defined market or other viable businesses that are led by a "One Man Band," a sole proprietor who either does not have key employee support to grow the business or lacks even key man insurance. Then there are established companies that are seeking to grow their business into new markets or offer new products or services without sufficient new staff in their Projections or Business Plan in the form of bios and/or attached resumes.
10. All lenders and investors have varied expectations about when and how they receive an initial package of information. It might include an Executive Summary only, an ES with Sources and Uses for Funds and Summary Projections, or a complete Plan that may include a Market Study and many other Exhibits. Do not overwhelm interested investors or lenders with too much information. An ES and BP can easily be structured to be provided on a staged basis depending on the interest level and be provided in a hard copy and/or PDF file, depending on the wishes of an interested party.