

Creating a Successful Business Plan

The following document was created strictly for those interested in understanding the different aspects of a business plan. There are several models for creating business plans and as such, this is only one possible model. However, all business plans should discuss the goals, marketing, operations, human resources, external factors affecting the business, finances and your strategy for success.

Just a reminder: Your business is your music, your music store, your band, your label, your studio, your graphic design company, your management, your promotion, etc.

What is a Business Plan?

The business plan outlines your professional goals, how you will achieve those goals and the resources that you have and need to get in order to achieve those goals. It is basically the story of your career and your business. The business plan takes you from the “idea stage” to the “action stage.”

Why Write a Business Plan?

At the very basic level (and perhaps the most important level), the business plan will allow you to focus your thinking, set a realistic plan with realistic goals, and get you moving forward with your career. Additionally, the business plan can be used to bring in key players whom you would like to have as a part of your team. These key players might include prospective managers, agents, labels. The business plan shows these people that you have thought about your career, planned how you want to achieve your goals and treat your career seriously. Finally, the business plans are often used to obtain financing from investors, banks, venture capitalists, government, etc. The business plan might be included in applications for FACTOR or SRIA's new funding programs.

Preparation for Writing the Business Plan:

- Consider the reader and objectives
- Research all elements of the business plan
- Write the business plan yourself
- Develop an outline of key sections
- Use realistic financial projections
- Gain feedback

Elements of a Business Plan:

Vision – Why was your company created?

Mission – What are all of the benefits that you are selling to the customer?

Goals – What are your goals (Short-term and Long-term)

Introduction to the business

- A brief overview of the industry, history of your business, and operations
- Introduction of key players (who are the people that you have in your team that are going to help you achieve this plan of success?)

Marketing

- Current Market (size, growth, opportunities, challenges, etc)
- Competitors/Allies (strengths and weaknesses, products, strategies)
- Target Market
 - Who is buying your product? What are their needs, demographics, purchasing habits? What do you know about your audience?
- Product
 - What are you selling? (An album is separate product from a live show.) Consider all of the different revenue streams that you will have.
 - What is the lifestyle, experience, image that you are trying to sell?
- Placement
 - Where can people buy your product from
- Pricing
- Promotional strategy
 - What are you using in your marketing mix?

Operations

- What does you and your company do from day-to-day?
- What are the current and future projects that you are working on?
- Successes and challenges to date
- Strengths and weaknesses of the business
- Internal issues affecting operations

The People Around You

- Who is doing what?
- Assess organizational health (Are there enough people?)
 - Strengths and weaknesses
- Internal issues and challenges

External Analysis (referred to as STEP)

- What trends are occurring in the following areas which affect your business?
 - Social – e.g. fewer people are purchasing country music
 - Technological – e.g. emergence of the internet allows for increased distribution possibilities
 - Economical – e.g. when the country is in a recession, fewer people go to concerts and purchase CD's
 - Political – e.g. Changes to government funding programs such as FACTOR or the SSCI

Implications and Opportunities:

Based on the analysis from the previous sections, what is/are

- The size of the potential market
- The size of the growth opportunity
- Market niches or gaps that you can fill
- Changes in operating activities or human resources
- The structure necessary to support growth
- Clear statements of the areas of opportunity

Strategy and Action Plan

- What do you need to achieve long-term goals?
- What are the challenges in meeting long-term goals?
- What are the specific actions that you are going to take to achieve those goals?
- Why have you chosen these specific actions? Do they complement one another and the overall vision?

Assumptions

- You should list all of the assumptions upon which your business plan has been written
 - Soft assumptions are elements that the business plan is dependent upon that are not quantifiable (e.g. Gaining exposure through 3 different festivals that the band expects to play)
 - Whereas hard assumptions are elements that the business plan is dependent upon that are quantifiable .

Financial Projections

- Cash flow statements (current and next two years)
- Income Statements (past two years, current and next two years)
- Balance Sheet (past two years, current and next two years)
- It is better to create statements with a high, medium and low sales estimate

Executive Summary:

- Summarizes the business plan
- Normally 10% to 15% of the total document length (20 page business plan = 2 – 3 page executive summary)
- Always written at the end and appears at the beginning of the business plan
- Stresses key points
- Most important element of a business plan – will determine whether your business plan is read or not!

Remember to take business plan writing one step at a time and try to involve all of the partners involved in your band/business. You want to ensure that everyone is on the same page. Finally, writing a business plan is not something that you do once; you should be constantly reviewing, revising and rewriting your business plan. Good luck!