

The Capital Minute



Top 10 Business Plan Myths of Solo Entrepreneurs

Don't let these stop you from having a business plan for success!

By Terri Zwierzynski



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How To Write The Right Business Plan!

There are definitely distinct components necessary for propelling a business to success.

By Charlene Rashkow

from the editor

Mike Elia



Myths, Writing, and Financing...

Are you a Solo Entrepreneur? If so, Terri Zwierzynski, author of *136 Ways To Market Your Small or Solo Business*, shares the top 10 myths Solo Entrepreneurs often have about business plans and how de-bunking them can actually be easy, fun and help jumpstart your success.

No matter what kind of entrepreneur you are you'll want to read the insights in Part 2 of my article *Writing a Business Plan Cover Letter*. Learn to defend the natural weakness of a letter and how to exploit the letter's natural strengths to promote your business plan and attract funding for it more effectively.

Speaking of funding...Robert Berman, a business consultant specializing in business development and a columnist for the National Post Newspaper, explains in *Obtaining Financing For A New Business Venture* why presenting your management team's capabilities and the value they add clearly in your business plan can help you win over more investors faster.

But there are clearly other distinct components necessary in a business plan to propel your business to success and Charlene Rashkow details out each of them in her article titled *How To Write The Right Business Plan!*

Read, enjoy, and apply these articles.

To your success,

Mike Elia CPA, MBA

Editor

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Contributing Authors:

Terri Zwierzynski
Mike Elia
Robert Berman
Charlene Rashkow

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Insights

Top 10 Business Plan Myths of Solo Entrepreneurs

Don't let these stop you from having a business plan for success!

By Terri Zwierzynski

A recent study of 29,000 business startups noted that 26,000 of them failed. Of those failures, 67% had no written business plan. Do you think that's a coincidence?

Here are the top 10 myths Solo Entrepreneurs often have about business plans—usually, the reasons why they don't have one. De-bunk the myths, and see how having a business plan for your solo business, can actually be easy and fun—and can jumpstart your success!

1. Myth: I don't need a business plan--it's just me!

Starting a business without a plan is like taking a trip in a foreign country without a map. You might have a lot of fun along the way, and meet a lot of friends, but you are likely to end up at a very different place than you originally set out for—and you might have to phone home for funds to get a return ticket.

Solo Entrepreneur Reality: Successful Solo Entrepreneurs know that the exercise of creating a business plan, really helps them think through all the critical aspects of running a business, make better business decisions, and get to profitability sooner.

2. Myth: I have to buy business plan software before I can start.

Business plan software comes in many shapes and sizes, and prices. Many are more geared at small and growing businesses with employees.

Solo Entrepreneur Reality: Business plan software can be helpful—but it's not required. Software is more likely to help if you have a more traditional type business, like a restaurant or a typical consulting business.

3. Myth: I need to hire a consultant to write my business plan.

Consultants are an expensive way to have your business plan written.

Solo Entrepreneur Reality: Your business IS you—and you need to be intimately involved with the creation of your business plan. A better strategy, if you think you need professional help, is to hire a coach or mentor—someone who can guide you in what you need to do, not do it for you.



4. Myth: The business plan templates I've seen have all these complex-sounding sections to them—I guess I need all those?

The only time you need to follow a specific outline is if you are looking for funding.

Solo Entrepreneur Reality: Your business plan needs to answer ten basic questions—that's it! Don't make things more complicated than necessary.

5. Myth: My business plan needs to be perfect before I can start my business.

If you wait for everything to be perfectly detailed, you may never start.

Solo Entrepreneur Reality: If you have at least a first draft that answers those ten basic questions, you are ready to launch your business! Make your business plan a living, evolving document. In the

startup stages, review and update your plan every 2-3 months. As you grow and stabilize, you can slow down the review cycle to every 6-12 months. All business plans should be reviewed and updated at least once a year.

6. Myth: I have to do everything I say I'm going to do in my business plan, or I'm a failure.

Many Solo Entrepreneurs never start because of this myth—which leaves them feeling that the success of their future business suddenly rides on each stroke of the pen or click of the keyboard!

Solo Entrepreneur Reality: Think of your business plan as a roadmap for a trip. Expect to take some detours for road construction. Be flexible enough to take some exciting, unplanned side trips. And don't be surprised if instead of visiting Mount Rushmore, you decide to go to Yellowstone, if that turns out to meet your goals better!

7. Myth: A good business plan has a nice cover, is at least 40 pages long, must be typed and double-spaced...

Business plans intended for investors, such as a bank or venture capitalist, must meet certain requirements that such investors expect.

Solo Entrepreneur Reality: As a Solo Entrepreneur, your business plan need only satisfy YOU. It might be scribbled on a napkin, on sticky notes on your wall, or consist of a collage of pictures and captions. It might be all in one document or scattered among several mediums. As long as you know it in your head and heart without having to look at it, and it is easily accessible to you when you have doubts, that's all that is necessary.

8. Myth: I don't need investors—so I don't need a business plan.

YOU are the investor in your business—and would you invest in the stock of some company without seeing a prospectus?

Solo Entrepreneur Reality: Seeing your plan in black and white (or color, if you prefer!), can give a whole new view on the financial viability of your business. If "doing the numbers" seems overwhelming, remember you don't need fancy spreadsheets. Just lay out a budget that shows where all the money is coming from (and going),

and have an accountant review it for additional perspective.

9. Myth: My business plan is in my head—that's good enough.

I don't know about you, but I sometimes can't remember what I planned yesterday to do tomorrow, if I don't write it down!

Solo Entrepreneur Reality: There is a real power in writing down your plans. Some schools of thought advocate that the act of writing a plan down triggers our subconscious to start working on how to manifest that plan. And, of course, it's a lot easier to remember when you have it in front of you. And a lot easier to share and get feedback from your non-mind reading supporters.

10. Myth: Friends and family are the best sources of feedback and advice on my business plan.

If your brother is an accountant and your best friend is a market research expert, then this might be true.

Solo Entrepreneur Reality: As well meaning as our friends and family can often be, they just aren't the best way to get honest, objective guidance. Instead, seek out folks that have specific knowledge that will help you, are willing to be candid with you, and that have a genuine interest in helping you succeed. A business coach is one resource to consider! CM

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Terri Zwierzynski is dedicated to the success of lifestyle-inspired Solo Entrepreneurs. She is the CEI (Conductor of Extraordinary Ideas) a <http://www.Solo-E.com> and the author of 136 Ways To Market Your Small or Solo Business. Terri is an MBA honors graduate from UNC-Chapel Hill, and has been working with solo entrepreneurs since 2001. You can reach Terri at <http://www.TerriZ.com>

Find more articles like this at <http://www.Solo-E.com>, the lifestyle-inspired online learning and connection community. Visit now to receive a free copy of our special report, The Four Secrets of Solo Entrepreneur Success, plus a complimentary 30-day membership.

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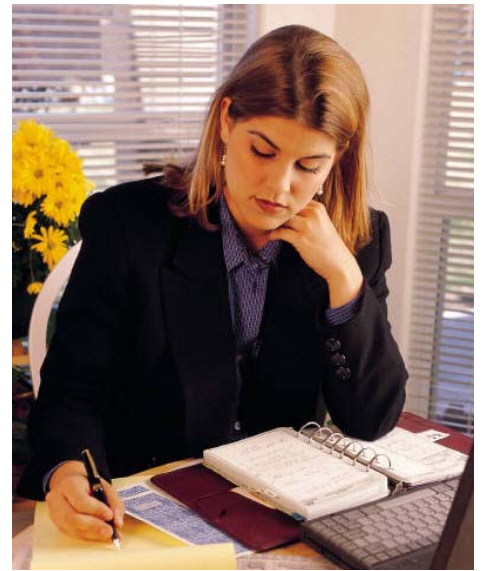
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Writing A Business Plan Cover Letter

Part 2

The Advantages of a Business Plan Cover Letter...

BY MIKE ELIA



A business plan cover letter has its limitations and advantages. The business plan writer who is anxious to get the best results should recognize the inherent weakness of a letter due to its lack of personality and learn how to defend against this weakness. It's also important to know that a business plan cover letter has several "natural strong points" and to learn how to get the most out of them. After you read this short article, you will have learned how to do both.

* * * * *

Use a business plan cover letter to tell people about your business plan. But first, learn the drawbacks of using a letter. Then, master its strong points. By the time you finish reading this article, you'll have learned both.

What a Business Plan Cover Letter Lacks...

Imagine you are a star dealmaker. Do you see a high-energy person in front of potential investors? Now compare this image to a letter. Most people see a letter that lacks the liveliness of a person. That's why it's crucial you learn how to write a business plan cover letter that has personality. A letter that shows quality and character to ensure your message gets heard.

Dealmakers can time their calls, knowing that in some cases the prospect will be in a favorable frame of mind, and in others decide to withdraw and wait for a better time. A business plan cover letter cannot back out of the prospect's office; it cannot change itself to meet the needs of the occasion or make good out of the mood or the remarks of the prospect.

It's important that you don't ignore these shortcomings under which your business plan cover letter enters a prospect's office. Keep them always in your mind. Overcome them. Prepare your letter for any situation it might face when it reaches your prospect. Keep your details clear so questions are unnecessary. Foresee objections and answer them in advance. Expect that your reader is busy and keep your message as brief as possible. Treat your readers with respect and tactfully bring them around to see how your business venture matches their investment needs.

...And When It Is Most Effective

Although the letter has these weaknesses, it has qualities that the dealmaker lacks. The letter, once it lies open before the person to whom you wish to talk, is your counterpart, speaking in your words just as you would if you were in the prospect's office. That is, if it's the "right"

letter...one that reflects your personality and not that of some third person who doesn't fully know your business.

The business plan cover letter, if clearly written, will not misrepresent your proposition. Its desire for financing will not lead it to make inflated claims or false promises. The letter will reach the prospect just as it left your desk, with the same amount of enthusiasm and freshness. It will not be tired and sleepy because it had to catch a late night flight. It will not be out of sorts because of the poor coffee and the cold potatoes served at the hotel for breakfast. It will not be peeved because of what might be going on back at the office. It will not be in a hurry to catch the next flight back home. It will not be discouraged because an investor appears disinterested.

Human Ills and Weaknesses

Indeed the letter is immune from these human ills and weaknesses and will deliver your message faithfully, promptly, and reliably. It will not have to resort to clever devices to get past the glass door, nor will it be told in frigid tones by the secretary on watch to call some other day. The mail or email, as the case may be, will take your business plan cover letter to the proper authority. If it goes out looking professional and puts forward its proposition in a few words, its message will be heard.

Your letter will deliver its message readily to investors across the nation and abroad. Compared to a dealmaker who makes a half-dozen calls a day, your business plan cover letters can present your proposition to hundreds of prospects. They can cover the same territory a week later and call again and again just as often as you desire. It's true you cannot time the letter's call to the hour but you can make sure it reaches the prospect on the day of the week and the time of the month when he is most likely to give it consideration. You know exactly the kind of campaign every letter is making; you know that every call on the list is made.

The dealmaker must go a long way to compete successfully with the letter as a selling medium.

Just compare the two and the letter has the best of it. Not to mention, it cost considerable less. No wonder letters play an important factor in attracting investors to your business.

The Value of Using Letters

What is really interesting is that few houses value the use of letters as part of their campaign. In fact, from the entrepreneur looking for her first round of funding to the large investment firms that handle several transactions a month, there is a failure to grasp the basic principles of letter writing. These are not mere theories; they have been put to the test, proved out in thousands of letters and on numerous propositions.

The writer willing to do by letter what others do in person, must understand these principles and how to apply them. She must know the order and position of the critical elements. She has to take into account the letter's impersonal character and make the most of its natural strong points.

Writing letters that can draw the interest of investors is not intuition...it is an art that anyone can acquire. However, it must be acquired. It will not come to you without effort on your part.

So, learn the fundamental principles of good letter writing. Study the different ways to present your proposition. Try several angles and test the success of different appeals. Work on new ideas that draw attention and stir up investor interest. Practice writing clear, crisp explanations. Find ways to get investors to seek more information.

Writing successful business plan cover letters is not a game of chance. There is nothing mysterious about it--nothing impossible. It is merely a matter of study, hard work and the use of proven principles. CM

Mike Elia is a chief financial officer and an advisor to venture capitalists and leverage buyout specialists. For more information about business plans and raising capital for your business or to review his business plan manual, visit <http://www.business-plan-secrets-revealed.com>.

Financing

Obtaining Financing For A New Business Venture

Finding a banker, financier, angel investor, or venture capital company to invest in your new business venture can be difficult. It is even more difficult if you do not present your management capabilities in a clear and precious manner.

By Robert Berman

You have a concept for a business, you have written a detailed business plan, and you have submitted it to literally hundreds of banks, financiers and venture capital companies and everyone has declined any further interest.

You cannot understand why absolutely no one is interested in your business venture. After all your concept is unique and the financial statements that you have put together, as part of your business plan, shows that the proposed business venture is going to make millions of dollars.

The Qualifications Of The Management

In the mind of any financier, be it a banker, angel investor, or venture capitalist, first and foremost is the qualifications of the management of the new company. The best idea in the world will not be successful if the management is not capable of implementing it.

The first thing that a potential investor considers is the background of the proposed management.

- Do they have a history of success in implementing new businesses?
- What, within their background, will provide them with the expertise to manage the money that they want us to invest?

If you and if you have any, your partners have little or no business experience, you immediately have two strikes against you and if you do not present a plausible management structure for your new business venture, you will probably have a better chance of finding the funds you require by buying lottery tickets.

Identifying weaknesses within your management capabilities is not necessarily seen as a negative. In fact, it is generally seen as a positive, providing you propose solutions to the weaknesses. You cannot change your background or expertise. It is what it is.

Augmenting Your Management Team

However, you can augment or supplement the management of your proposed venture in a couple of ways.

- You can add staff or proposed partners that will fulfill and provide the necessary management expertise that is lacking. This can be difficult, as listing someone that would be hired, with the details of their expertise and background, should funding be arranged, requires that the individual literally be on stand-by for what could be an extended period of time.

- You can list a group of credible advisors or create an advisory board, who believe in you and the business concept and who will provide their expertise to you, at least during the initial start-up phase of the new venture. As an example, if you or your partners do not have any financial experience and the company cannot afford or it is not rational to have an experienced CFO on day one, you might list as an advisor a senior partner of one of the major accounting firms.

A paragraph outlining the management capabilities or proposed management of the new venture should always be included in the "Executive Summary" of the business plan.

In summary, you are asking people to give you money. People you don't know and don't know you. To be successful in obtaining that financing, you must convince people that their investment is reasonably safe, will be utilized in the best methods possible to achieve the goals of the proposed venture and will not be squandered. CM

Robert Berman is a business consultant specializing in business development, strategic planning, acquisitions & mergers and international sales & marketing. He has been a columnist for the National Post Newspaper under the byline of "The Business Doctor" and he has authored "The Business Buyer's Manual". He is available as a keynote speaker in many areas of business. He may be reached at Robert.Berman@businessbuyersmanual.com or visit <http://www.businessbuyersmanual.com>

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A concrete idea is the first and most important step in regard to any new venture, but there are definitely other distinct components necessary for propelling a business to success. The first is coming up with a good business plan. Although there are many uses for a business plan, the most obvious reason is for the purpose of attracting the attention of investors, financiers or loan companies.

Where Should You Start?

Getting started on a business plan may at first seem like an overwhelmingly difficult challenge but with the proper preparation you can have a great plan together without too much difficulty. One of the best ways to start is by keeping copious notes that refer to every aspect of your new venture. Even if the thoughts that occur to you seem insignificant, keep your ideas in a simple notebook so that when you're ready to put your plan together, all your ideas are in one place.

Description Of Your Business

A description of your business will come under the overview or summary section. Included in this section you will define what your company is about, what it does and what it hopes to achieve. Offer data that explains why you believe you will reach your goals, why you believe you are a sound investment, and why your

How To Write The Right Business Plan!

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By Charlene Rashkow

company has what it takes to make a dent in the marketplace.

This section should also include where you're presently at in your business, your goals and your future intentions as well as your growth potential. As you move forward with your plan be prepared to make revisions.

Product Information

A Product/Service section should include all the details pertaining to your particular product or service. These can include everything from the benefits of your product to the uniqueness of the product to how this product will make a difference in someone's life. This section is very important since a wise investor will quickly see whether there is an inherent return on the money he or she invests.

Marketing Strategies

An extremely important part of a business plan is your marketing strategy. In this section you will explain how you intend to reach your target audience. Keep in mind that it is precisely what it claims, a marketing strategy. Therefore you will be presenting ways in which you plan to promote your business. Whether it's through a web site, press release, advertisements, sales letters, television,

radio, direct mail, newspaper or magazines, give precise examples.

The marketing strategy section gives you the opportunity to show how you intend to get the word out. It is the perfect tool you'll need for convincing someone of your ability to reach your target audience.

Competition

You don't have to be afraid of sharing who and what you may be competing against since your business will have a specialty all its own. So be sure to research your competitors. Give examples as to whether your competitors business is growing or diminishing and why.

Perhaps your business is so unique you have no competition, which of course makes you an even more attractive possibility for a loan. In that case you must define why you think this newer service or product will be a success.

Bios

If you have a team of people involved in your organization, they are the most important resource of your company therefore you should include their strengths and experience in addition to what role they'll play in your company. Include bios of all the key decision-makers as bios show an investor how you and your team's experience will help grow your new venture.

Target Market

If you're targeting a specific market here is the place to illustrate who and what that specific market will be. Spell it out in detail. Will it be to the private sector or government contracts? Are you seeking retailers or wholesalers? Are you searching for distributors? If the target market is unlimited, meaning you have no limitations regarding age, profession, income levels or gender, make sure to explain that as well.

The Financial Section

The financial section of your plan is the one that will receive the most detailed scrutiny and investigation. As a beginning place you should ask yourself the following questions: How much money will I need for my start-up venture and how much money will I need to stay in business? Be sure to include complete financial assumptions, statements and projections. A Banker, Investor or Loan Company will carefully review your future forecasts and earning potential so don't skimp on the financials. These calculations will either invite investors or turn them away. It is highly recommended that you utilize the services of an accountant to make sure your financials are done correctly.

In Conclusion

A well put together plan will ensure that you'll be taken seriously, so before you submit your plan to venture capitalists or investors, be sure you convey yourself as dynamic, professional and enthusiastic. Highlight your key points and be prepared to answer any and all questions a potential investor might ask.

Obviously, this is only a brief summation of what a business plan requires. You can include other sections as you progress, but start with these and add as you move forward. Remember, your presentation is of the utmost importance and can mean the difference between attracting the right investor or failing to be heard. CM

About the Author

Charlene Rashkow brings 15 years of experience as a freelance writer/consultant. She has successfully helped companies and individuals reach their objectives by writing outstanding web site content, press releases, bios, articles, proposals, business plans, marketing strategies and all other forms of marketing, business and personal material. You may reach Charlene by visiting her web site at <http://www.allyourwritingneeds.com> or writing her directly at info@allyourwritingneeds.com

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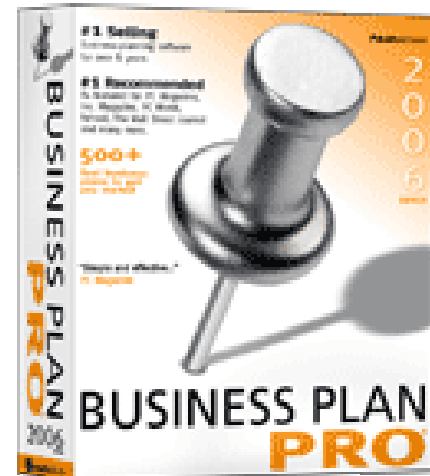
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Mike Elia
Elia & Partners, LLC
8417 Arbory Hill Ct
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