

MANAGING IN TOUGH TIMES

FAMILY FINANCIAL MANAGEMENT

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THIS MONTH'S TOPIC:

Home Business: It Starts with a Plan

More people are choosing to market their skills and talents through home business. Home businesses take many forms ranging from service-oriented businesses such as child care to product-oriented businesses such as computer consulting. Regardless of which business venture you are hoping to embark on, a significant amount of planning is involved.

Working from home provides individuals with a sense of independence and flexibility that is often not found in a traditional workplace. However, to be successful you must be willing to make a commitment to the business and all of its needs. It's often difficult to anticipate the time, energy, and money that contribute to the success of a home business.

Before launching your home business there are several things to consider, including a business plan.

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A business plan describes what you intend to do with your home business and how you will accomplish your goals and objectives. Outlined below are the elements of a business plan that will help to ensure a successful business:

- **Business description.** A business description provides an overview of what you are planning to do and why you are starting the business. Including a mission statement will answer these questions and is a great way to address your business goals. All other elements of your business plan should relate back to your mission statement. The business description should also include a brief summary of the current state of your business.
- **Market overview.** You will need to provide an overview of the industry that your business will be a part of. Include information on the size, location, competitiveness, and profitability of this industry. A market overview should also include an overview of the customers you are hoping to reach.
- **Competitor analysis.** The business plan will also include an overview of your competitors. Think about the needs of your customers and how your competitors are currently meeting these needs. Address how your business will address a gap in what is currently offered.
- **Marketing plan.** It is very important to think about how you are going to market the business to your customers. A good marketing plan will address the product or service you are offering, the price charged, the distribution system, and all promotional efforts.
- **Operating plan.** Describe how the day-to-day operations of your business will occur. Daily operations include staffing and production methods. You must also consider local, state, and federal regulations to be sure that you are in compliance
- **Financial plan.** Before getting started, it is important to develop a clear financial plan.

Describe the current financial status of your business and forecast your business's financial future. Keep in mind that it is common for businesses to have limited revenue for the first two years of operation.

- **Executive summary.** It is a good idea to highlight the key aspects of your business venture. Summarize your business goals, the product or service you are offering, the marketing plan, management team, operation procedures, financial requirements, and the financial return for any investors.

Developing a business plan is the first step in developing a successful business venture. Planning will allow for you to anticipate possible challenges, obtain financial backing, and ultimately enjoy the payoff of your hard work!

If you are unsure of how to address some of the elements included in the business plan, consider taking advantage of a wide variety of resources available to you such as a business consultant. With careful planning, there is no reason why you cannot watch your home business thrive.

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