

CenterPoint Business News™

From Start-up to Success

February 2008

Welcome to CenterPoint Business News. In each issue we will attempt to shed light on topics that may be helpful to all business owners in running their business successfully. Whether you are just getting started, or are already running a successful enterprise, we hope that you will find food for thought, special insights, or maybe just that one idea, that when implemented, will drive your business success.

We look forward to hearing from you if there are any special topics that you would like us to delve into on these pages. Should you have suggestions, please forward them to:

Newsletters@centerpointcorporate.com.

Happy Reading!

In This Issue

Business Plans - Your Roadmap to Success

Raising Capital - What Investors Want to Know

A Good Business Plan is your Road Map To Success



**A good business plan will define your goals
and identify the strategies to help you reach them.**

Starting and growing a new business can be difficult and confusing. Creating and maintaining an effective business plan can ease the process and increase your chances for success. In fact, having a business plan is one of the most important elements to your success. Writing one is not terribly difficult and each section will give you a better look at your products or services and also offer you guidance and direction in your new venture.

A staple in any business plan is a simple overview of your products or services. What are you selling today and what would you like to add to your product line in the future? It is good to define your product mix and make sure it is appropriate and desirable. It is also good to know what you would like to offer in the future so that you can start heading in that direction now.

Now that you have defined what you're going to sell, you need to do a market analysis to determine the viability of your business. Who are you selling to and what do they like? Make sure you've got the audience to match your product(s), and make sure that audience is large enough for you to be profitable. You may have something that people really want or need, but if that market is too small or can't afford it, you may want to reconsider your business objectives.

The information you've gathered about your market will also be very important in the next step: developing a marketing plan. This is quite possibly the most important part of a business plan. How are you going to let people know about your product? What does your product offer them? Why should they choose you over a competitor? These questions are crucial to your success and you have got to think about them before you open for business. Your marketing plan will define your positioning in the market. Sometimes this is referred to as your "Unique Selling Proposition".

After you've taken a good look at your product(s) and marketing, it's important to look at your company's financial future. How much is it going to cost to start your business and when are you going to break even? Will you have enough money to see the business to profitability (see the Raising Capital article - this issue)? Writing up projected financial statements can help you answer these questions. Many businesses fail because their owners underestimate start-up costs and overestimate profits. It's best to be conservative during this step. If you can be successful with conservative estimates, just imagine how well you'll do in the best case scenario.

Now that you know your business will be successful, you need to lay out a plan that you can implement. Make a schedule of milestones that you can include at the end of your business plan, with specific goals and dates for completing those goals. This is something that you can refer back to and use like a checklist when you are running your new business.

It is also important to remember that a business plan is not carved in stone and it is not something that you write and just put on a shelf somewhere. It is truly a living document. It can, and should be reviewed, edited and changed as your business changes over time. The important thing is that you have one to guide you on your path to success.

Raising Capital

What Investors Want to Know

So you've got a great idea, you've done your research, and you're ready to start your business. Or perhaps your business is growing and you need an infusion of capital to continue that expansion. Now you're just wondering "How am I going to pay for all of this?" The answer is simple: "You need a business plan."

No matter how you want to attract investment in your business, whether it's through friends and family, angel investors, venture capitalists, a bank loan or even a government grant, you're going to be asked for a business plan. You may have a brilliant idea, but an investor or creditor will want to see it on paper, and they are each going to be looking for different things.

If you're thinking about taking out a small business loan, a bank or other lending institution is going to be interested in your ability to pay back the loan. Your product or service, while interesting to them, is not as critical as the financial pages of your business plan. They will look to your detailed financial analysis and your ability to be profitable.

Business grants are somewhat different. These investors want to know if your business is one that will improve society, or serve a worthwhile cause. Are you a member of a minority group? Investors offering grants are going to want to know about you and your mission. They need to make sure that you will be successful, but they also have concerns larger than money.

Lastly, angel investors and venture capitalists are going consider the whole package. They're going to look at your plan from the product or service offering, to your marketing plan, from your management team, to the financial analysis. These investors tend to get more involved with the businesses in which they invest. They can also add value through their advice, guidance and contacts. It's not just their money that they will invest, but also their time and energy. These investors want to know that you, as their partner, have done your homework.

In the eyes of an investor, if you have a great idea, and the business plan, an detailed financials to back it up, then you are a candidate for the financing you need.



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