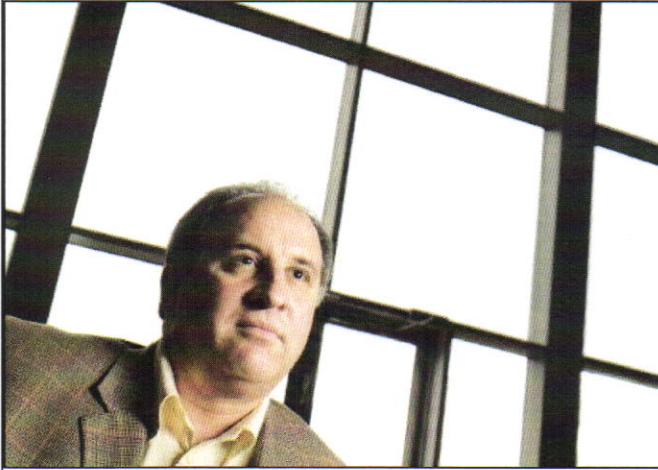


Planning can lower the big bumps



Glen Stubbe, Star Tribune

Mark Joerger, founder and president of E7 Success Strategies, spent a lot of time working on his business plan before he opened his energy-management company earlier this year. He got help from Neil Anderson, founder and president of the Courage Group Inc. in Richfield.

Starting a business, whether by desire or necessity, requires a plan. Help is available for writing one a good one.

By **TODD NELSON**, Special to the Star Tribune

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For some would-be entrepreneurs, the only thing

more intimidating than starting a business may be the idea of writing a business plan.

Yet going into business increasingly may become an option -- or a necessity -- for some now in the workforce as jobs vanish in this recession. Job losses among white-collar workers, who are likely candidates to consider starting their own businesses, are increasing both in the Twin Cities and nationally. Target has laid off 600 headquarters employees and Best Buy 250, even after 500 took buyouts. Just last week, GM said 7,500 white-collar workers had accepted buyouts, while IBM has announced 5,000 layoffs.

Necessity aside, starting a business remains popular with those who would rather work for themselves. In either case, overcoming any sense of dread and developing a business plan can pay off.

A well-developed business plan may be the only way to secure capital from outside investors. Well-developed business plans also may help avoid missteps that cause many new companies to fail.

"Want to dramatically improve your chances of business survival and growth, and avoid the startup graveyard?" said Neil Anderson. "Write a business plan." Anderson is founder and president of the Courage Group Inc., a Richfield-based entrepreneurial services and consulting firm.

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And don't equate writing a business plan to, say, getting a root canal, he said. Instead, look at it as an opportunity to get a new business right the first time, to prosper and to increase the likelihood of "never having to go back and work for someone else again."

Key elements of a business plan include detailed descriptions of the product or service the company will offer; sources and use of financing; the company's mission; potential customers, markets and competitors; management and personnel; operating plan, and income and cash-flow projections.

"When you think of the scope of everything you have to cover ... and you think about the process, it's daunting," Mark Joerger, president of E7 Success Strategies Inc., said of assembling the business plan for his energy-management services company in Burnsville.

Joerger, who has 20 years of experience in the energy management industry, said he developed the skeleton of his plan during a weekend retreat at a friend's cabin, then added to it as he gained experience and worked with Anderson. Joerger launched E7 Success in January; the company helps businesses manage energy costs and plan how to reduce carbon emissions.

Plan to make money

"It's the business plan that really creates the

focus," Joerger said. "Without it, it would be like trying to hit a bull's-eye when there's no target up. If you don't focus your effort on something that's going to benefit people, especially at this time, you're barking up the wrong tree."

Dileep Rao, who teaches entrepreneurship and venture financing at the University of Minnesota's Carlson School of Business, said good business plans are a must in good times and bad. Rao said he advises business owners to write a business plan but points out that many entrepreneurs have built successful companies without doing so. Some don't write one because they believe they have enough industry experience to get started without a plan, Rao said, while others simply don't need financing.

"I would recommend writing a plan so entrepreneurs know how they plan to make money, and not just to raise money," Rao said. "Having one can help entrepreneurs really understand the opportunity and how to take advantage of it. This analysis and the development strategy should be summarized in a financial plan so the entrepreneur knows what to expect and when the business is going off the road."

Rao cautioned against relying on "gut instinct" in making financial and other assumptions, "one area that I think leads to more disasters than any other" in a business plan.

Planning on the job

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The best time to write a business plan, Anderson said, is while working for someone else, and continuing to receive regular paychecks, health insurance and other benefits.

That's what Courage Group client Joe Heron did several years ago while preparing to launch a startup that produced Airforce Nutrisoda, a nutrient-enhanced soda. He started Airforce after negotiating a severance package to leave his executive position at a pharmaceutical company.

After selling that company, Heron worked with Anderson to get another going: Crispin Cider Co., a Minneapolis-based producer of hard apple cider. While he already knew plenty about writing business plans, Heron found value in having an adviser to help sharpen the document.

"This is an idea that actually became a business because someone was there to help push it down the road each step of the way," Heron said.

Jenny Dombroski, founder and CEO of Evlove Intimates in Chicago, said writing her business plan became less intimidating when Anderson recommended approaching it as though she were telling a story in everyday language.

"It's a great exercise for anybody going into business," said Dombroski of writing a business plan for her company, which produces design-your-own intimate apparel. "It made me think about all the aspects I needed to incorporate into

my business. If you don't do it, you go in blindly and don't evaluate where you need help."

Rao suggests putting more effort into development and analysis than into the writing. "Unlike school, good grammar does not get you success," Rao said. "Although I have seen investors turn down deals due to poor proofreading."

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