



BUSINESS SENSE 101:

WRITING A BUSINESS PLAN

In partnership with



INTRODUCTION

This is the third in a series of manuals, designed to help small and medium tourism businesses in Jamaica get to grips with some of the essential elements of business planning and management.

This manual aims to help you:

- Identify the purpose, vision and mission of your business
- Create a value proposition for your business
- Understand why having a business plan is essential to success
- Know the important information to include in your business plan

With thanks to Dr Dawn Lemonius for her preparation of the content of this manual.
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Identifying Other People's Problems

Running a business involves identifying – and solving – other people's 'problems'. What does this mean?

Every now and again we hear complaints or concerns from people. These complaints or concerns become problems for which they may not have a solution. It is in these moments that we identify other persons' problems that we can find solutions or find opportunities to add value.

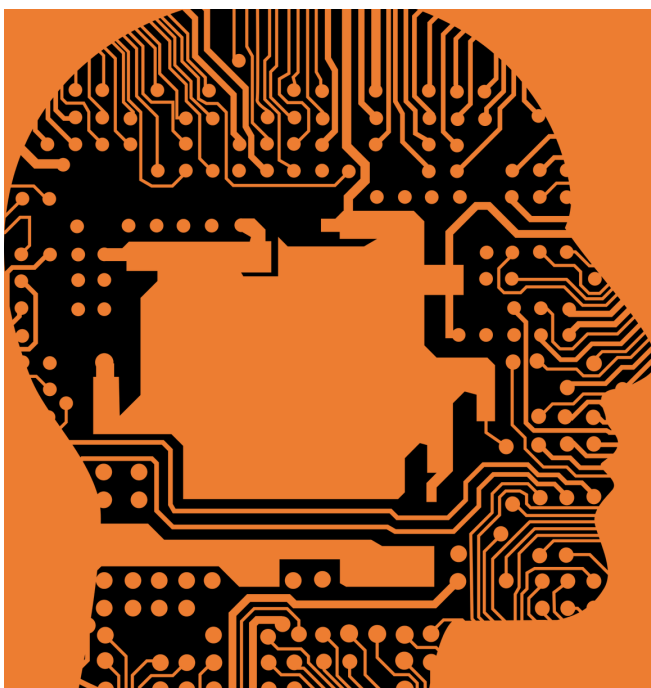
Problems may manifest in ways such as lacking certain products or services that makes life difficult or challenging. That can be anything from the tangible or intangible.

Think of businesses you know. What problems are they solving? Whose lives are they adding value to? What problems have you identified that you can offer a solution to?

The Entrepreneur

An entrepreneur is someone who identifies and solves problems by setting up a business or businesses with the hope of making a profit.

Ten **Personal Entrepreneurial Competences (PECSs)** have been identified in successful Entrepreneurs. They are:



- Opportunity Seeking
- Persistence
- Commitment to Work Contract
- Risk-taking
- Demand for Efficiency and Quality
- Goal seeking
- Information Seeking
- Systematic Planning and Monitoring
- Persuasion and networking,
- Self-confidence

The entrepreneur's response to the problem(s) identified

The Entrepreneur, who is an Opportunity Seeker identifies the problems, challenges, and difficulties of other persons. They realize that these persons would like solutions. The Entrepreneur being innovative starts thinking of ways of making a difference.

The birth of a business

Having brainstormed many ideas, the Entrepreneur sets sights on taking action. One positive way of taking action is by forming a business. The journey of providing goods and or services to the target market begins.

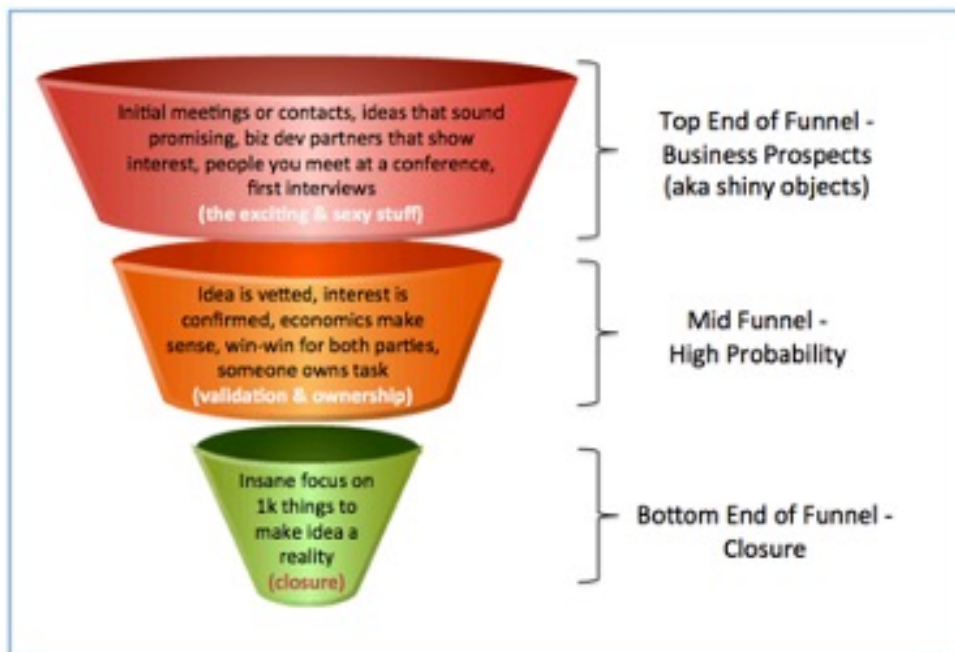


Coming up with ideas

An idea is a thought or collection of thoughts that generate in the mind. An idea is usually generated with intent but can also be created unintentionally. Ideas often form during brainstorming sessions or through discussions.

When an entrepreneur identifies the problems that people have, they begin the process of thinking about the solution they can offer. Several ideas will present themselves, then they are narrowed down to the most suitable, effective, marketable, sustainable, and profitable.





Source: *Why Successful People Focus on the Bottom End of the Funnel*. Mark Suster, 19 June 2015

<https://www.cloudave.com/50789/successful-people-focus-bottom-end-funnel/>



Building the business

Having decided to start a business, a number of items should be considered:

- **PRODUCT/SERVICE:** What Products or Services will be offered to the target market?
- **PLACE/LOCATION:** Where will your business be located?
- **PRICE:** At what price will you be asking your targeted customer to pay you for the products or services received?
- **PROMOTION:** How do you intend to publicize your business to the target market?
- **PEOPLE:** Who will be the persons in the business with you in providing solutions to your target market?

The vision statement

A Vision Statement is an aspirational description of what the organization would like to achieve or accomplish in the mid-term or long-term future

Having a Vision of your business and deciding on the image that one wants to project to the marketplace is of critical importance. Some benefits of having a Vision Statement are:

- It aids decision making
- It helps attract and motivate talent
- It helps to maintain focus
- It creates a legacy
- It prioritises your resources
- It helps define your company culture
- It instils strategic leadership



When writing a vision statement for your business, think about the following questions:

- Who is your ideal customer?
- What are your financial goals for your company?
- What will you or company firm be known for?
- What services will you provide your customers?
- What will your role be in the company?
- When will you need more space, different systems, more staff?
- Why are you doing this business?
- Why will your customers visit you rather than your competition?
- What will the culture of your company be?
- What are your beliefs and values and how will they affect your company?





Here are some sample vision statements for Sam's Mango Farm (a fictitious farm in Jamaica whose owner would like to develop farm tours and cookery lessons)

Example 1

Our vision is to be the farm that sets the Jamaican Farm Tour standards. To help us deliver that promise, everyone in our company will deliver authentic, credible information and culinary delights that will facilitate great experiences and memories for our customers.

Example 2

Sam's Mango Farm, strives to be revered as the business that creates unforgettable memories and amazing experiences by being an authentic, educational and entertaining Farm Tour, and by consistently providing fun-filled tours for our visitors.

Example 3

Our Vision is to provide our customers with accurate information on mangoes and its various uses. We strive to expose our customers to an authentic farm and culinary experience and culinary experience in a rural setting.

The mission statement

A Mission Statement is used by a company to explain, in simple and concise terms, its purpose(s) for being. The statement is generally short, either a single sentence or a short paragraph, explaining a company's culture, values, and ethics.

Mission statements serve several purposes, including motivating employees and reassuring investors of the company's future.

To craft a mission statement, consider how your company impacts customers, donors, investors, or your community and why you strive to help these parties.

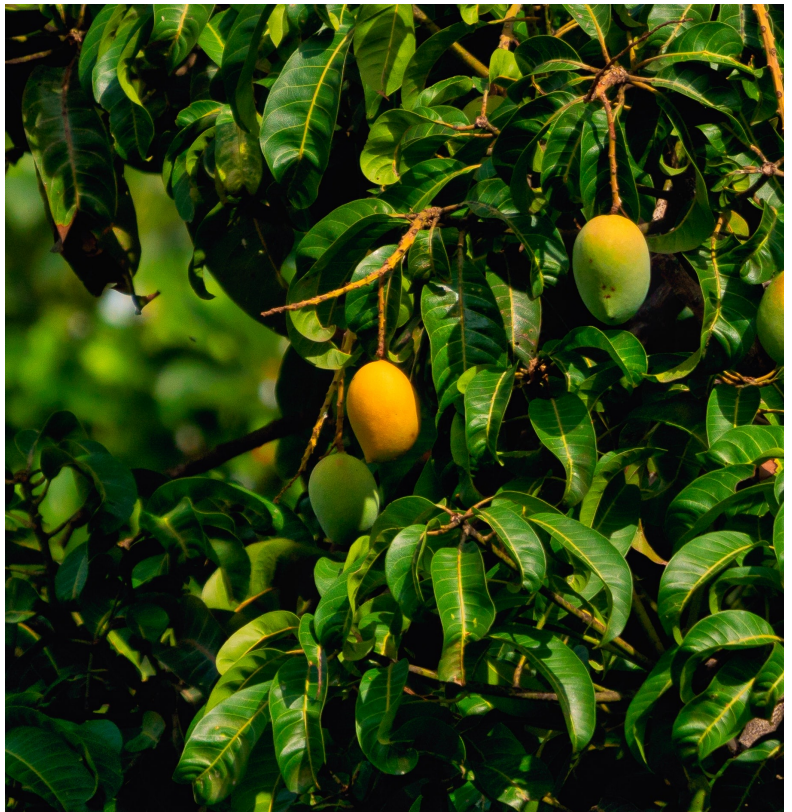
A mission statement might slightly overlap other marketing content, but it is different from a vision statement, value statement, brand, or slogan.

Tips to consider when writing a mission statement:

- Use “we” to emphasize the business as a whole and focus on the business culture and strategies
- Make sure all of your employees can relate to the Mission Statement – that it inspires all staff to be their best and to work towards a common goal.

A sample mission statement:

Sam's Mango Farm consistently strives for our guests to have amazing experiences. We believe that our customers are the reason for our existence. We deliver value and create beautiful memories through our authentic farm and boating offerings.



Guiding principles

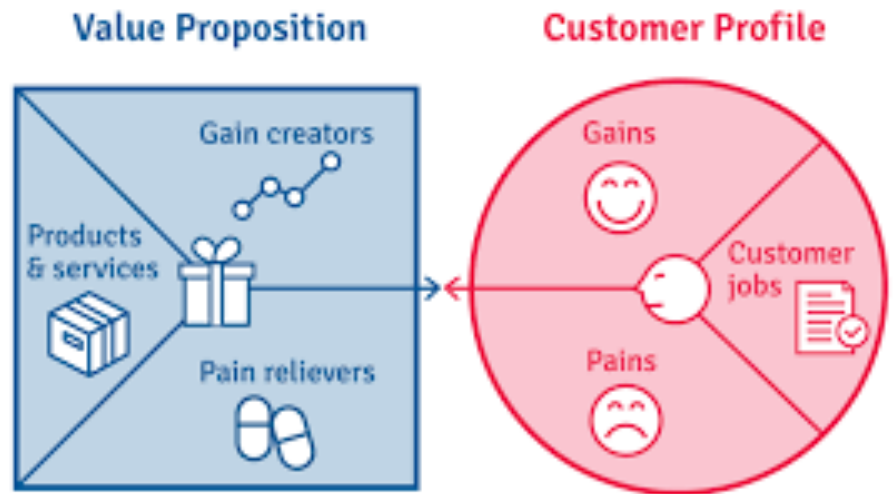
Companies establish guiding principles to shape the culture of their work environment and ensure that their employees understand what moral behavior they expect.

Guiding principles are normally found in company's descriptions. They are also called core values or moral standards. The term "guiding" refers to the fact that these values are established to lead the business in any situation it might face.

They are essential in decision-making processes since no decision should contradict any of these principles. They are commonly drafted by the founders of the company, but they can be modified in the future if a particular principle is identified as crucial for the operation.



The value proposition canvas



The Value Proposition Canvas is a framework which can help ensure that a product or service is positioned around what the customer values and needs. It can be used when there is need to refine an existing product or service offering or where a new offering is being developed from scratch.

The Value Proposition Canvas was initially developed by Dr Alexander Osterwalder as a framework to ensure that there is a fit between the product and market by modelling the relationship between two key “building blocks”: customer profile and a company’s value proposition.

Customer Profile

- **Gains** – the benefits which the customer expects and needs, what would delight customers and the things which may increase likelihood of adopting a value proposition.
- **Pains** – the negative experiences, emotions and risks that the customer experiences in the process of getting the job done.
- **Customer jobs** – the functional, social and emotional tasks customers are trying to perform, problems they are trying to solve and needs they wish to satisfy.
- A customer profile should be created for each customer segment, as each segment has distinct ‘jobs to be done’, pains and gains.

Value Map

- **Gain creators** – how the product or service creates customer gains and how it offers added value to the customer.
- **Pain relievers** – a description of exactly how the product or service alleviates customer pains.
- **Products and services** – the products and services which create gain and relieve pain, and which underpin the creation of value for the customer.

The value proposition

A Value Proposition is a simple statement that summarizes WHY a customer would choose your product or service. It communicates the clearest BENEFIT that customers receive by giving YOU their business. Every Value Proposition should speak to a customer's CHALLENGES and make the case for your company as the PROBLEM SOLVER.

When you explore each section of the canvas, do so from the perspective of the CUSTOMER. While writing out the benefits of your product, imagine how it INCREASES PLEASURE or DECREASES PAIN for the person using it.

Approach the features and the experience that way, too:

- How do the features make the customer's life better?
- How does the product experience make a customer feel?

Next, you'll dive into the customer's WANTS (emotional drivers), NEEDS (rational motivators), and FEARS (undesired outcomes).

Remember that even when consumers are making purchases or investments on behalf of a company, they can still be guided by emotions.

Make every effort to understand whether a product or service affects a buyer's perceived likelihood of failure, their anxiety, or their reputation at work or in life.

The canvas consists of two main blocks:

- **CUSTOMER SEGMENT** – this is where a problem is defined (**CUSTOMER PROFILE**)
- **PRODUCT SEGMENT** – this is where a solution is defined. (**VALUE PROPOSITION**)



Writing your value proposition

It's clear that a strong value proposition is necessary, but how do you come up with one?

STEP 1: RESEARCH YOUR AUDIENCE

The first step is to understand your audience and what motivates them. This will shape the language you'll use to communicate with them and help you pinpoint the biggest selling point of your product. This can be done through interviews with current customers or people you assume would use it.

It's much easier to determine your audience if you already have customers because they've already demonstrated that they'll buy from you. **Talk to them.** Ask them how your product or service is improving their businesses and their lives.

STEP 2: RESEARCH YOUR COMPETITORS

Your conversations with current customers may uncover other tools they used before finding your product, or tools they might be using alongside your product. Look into those tools – especially if they directly compete with your business – and figure out what you do better than them. There's no point having two businesses doing the exact same thing. It doesn't give prospects a reason to choose you over your competition.

STEP 3: DETERMINE THE PRIMARY BENEFIT OF YOUR PRODUCT

Now that you understand your ideal buyer persona and your competitors, it's time to determine your primary benefit. While there may be multiple reasons to use your product, there's often one thing that your audience is most interested in.



Value proposition canvas

Below is a template that you can use to help you write a value proposition for your business.

Customer profile	Value proposition
<p>Customer Jobs <i>What task can the customer complete with your product/service?</i></p>	<p>Products and Services: <i>What are the products and services you can offer your customer so they can get their job done?</i></p>
<p>Pains <i>Which problems does the customer solve when using your product/service?</i></p>	<p>Pain Relievers Describe how your products and services alleviate customer pains</p>
<p>Gains <i>What benefits does the customer get when using your product/service?</i></p>	<p>Gain Creators <i>Describe how your products and services create customer gains</i></p>

The business plan

In an era where more than 50% of small enterprises fail in their first year, having a clear, defined, and well-thought-out Business Plan is a crucial first step for setting up a business for long-term success.

The Business Plan is an undeniably critical component to getting any company off the ground. It's key to securing financing, documenting your business model, outlining your financial projections, and turning that nugget of a business idea into a reality.

Business plans are a required tool for all entrepreneurs, business owners, business acquirers, and even business school students. But ... what exactly is a business plan?



What is a business plan?

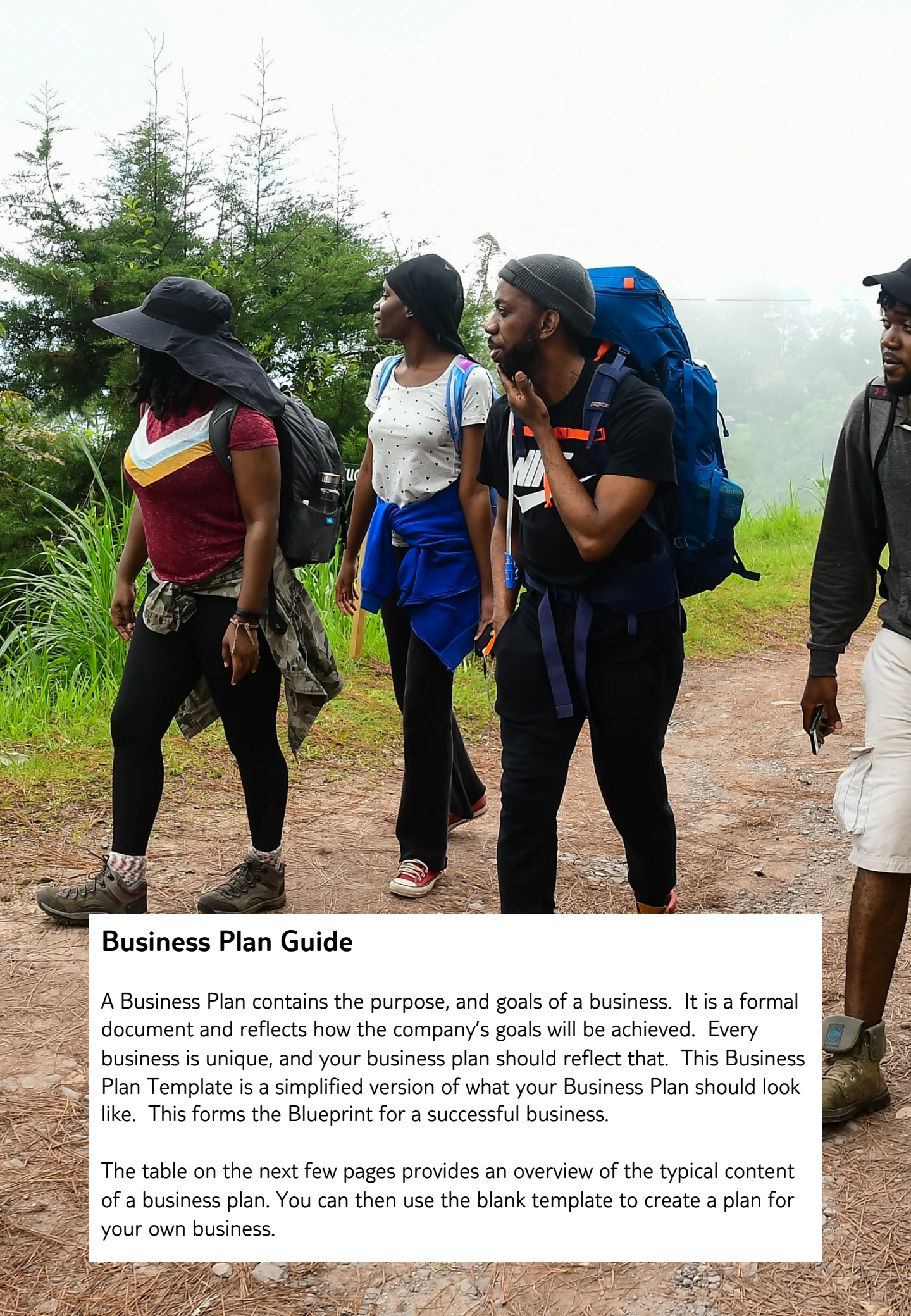
A Business Plan is a documented strategy for a business that highlights its goals and its plans for achieving them.

It outlines a company's go-to-market plan, financial projections, market research, business purpose, and mission statement.

Key staff who are responsible for achieving the goals may also be included in the business plan, along with a timeline.

What is the purpose of a business plan?

The purpose of a Business Plan is three-fold: It summarizes the organization's strategy in order to execute it long term, secures financing from investors, and helps forecast future business demands.



Business Plan Guide

A Business Plan contains the purpose, and goals of a business. It is a formal document and reflects how the company's goals will be achieved. Every business is unique, and your business plan should reflect that. This Business Plan Template is a simplified version of what your Business Plan should look like. This forms the Blueprint for a successful business.

The table on the next few pages provides an overview of the typical content of a business plan. You can then use the blank template to create a plan for your own business.

Business plan template (1)

Executive Summary	Summary of Problems Identified	Describe very briefly why your business needs to exist. What problem do you solve for your customers?
	Summary of Solution Being Offered	Briefly summarize what your company will do or does. You can also outline why you have chosen to provide this product or service in solving the problems of the persons targeted
Business presentation	Target Market	Describe your target customer or market segments. You will also include a Value Proposition, which is a simple statement that summarizes why a customer would choose your product or service, including the benefits of utilizing your product or service.
	Competition	Summarize your key competition. Who are the other businesses that can offer the same or similar goods and services to your customers. Who will your customers also consider?
	Why Us?	Write a brief overview of you and your team. Why are you the right person/people to build this business? How is your product or service different from the competition? Consider how you will <i>Substitute, Combine, Adapt, Modify/Magnify, Purpose, Eliminate/Minimize and Re-arrange/Reverse</i> in respect of Products or Services being offered by Competitors.
Marketing & Sales	Marketing Plan	Explain how you plan on getting the word out about your product to your target market(s). Will you use advertising? What strategies will you use to market your product or service?
	Sales Plan	If your company relies on sales professionals to close sales deals, you need a sales plan. Your sales plan should explain how you convert people who express interest in your product or service into paying customers. How much sales do you expect to achieve month by month, or year by year?

Business plan template (2)

SWOT	Strengths of the business	What separates your business from the competition and build a strong base and brand? What are your competitive advantages? What resources do you have?
	Weaknesses of the business	What can stop the company from performing at its optimum level, such as in inadequate supply chain, lack of capital or higher than average turnover of staff. Where can we improve?
	Opportunities in the Marketplace	What technology or resources can we use to improve operations? What new market segments can you explore, or how can you expand your operations?
	Threats (Internal and External to the company)	This refers to factors outside of your control that can have the potential to harm the business, for example, rising costs for materials, labour shortage, drought, political upheavals, pandemic. What new regulations threaten operations? What consumer trends threaten the business?
Expectations	Forecast	What are your financial targets? How much do you plan to sell in the next year? What are your long-term sales goals? This is where you provide the numbers that back up everything you described in your organizational and marketing sections. Include conservative projections of your Profit and Loss Statements, Balance Sheet, and your Cash Flow statements for the next three years. These are forward-looking projections, not your current accounting outputs.
	Financing needed	If you are writing a Business Plan to raise money for your business, include a summary of what you are looking for. If you aren't raising money or getting a loan, you can delete this section.

Business plan template *to complete for your own business*

Executive Summary	Summary of Problems Identified	
	Summary of Solution Being Offered	
Business presentation	Target Market	
	Competition	
	Why Us?	
Marketing & Sales	Marketing Plan	
	Sales Plan	
SWOT	Strengths of the business	
	Weaknesses of the business	
	Opportunities in the Marketplace	
	Threats (Internal and External to the company)	
Expectations	Expectations	
	Forecast	
	Financing needed	

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This manual was produced with the assistance of Dr Dawn Lemonius (www.dclemoniusconsulting.com), as part of the Big Up Small Business programme in Jamaica

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