

Doron F. Eghbali Business Planning Law Blog on Lawyers.com

[Writing A Business Plan That Works](#)

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Aspiring entrepreneurs with dedication and diligence put together a business plan; however, to their dismay, potential investors do not find the business plan worthy of investment. So, there might be some problems with such business plans.

The following offers some insight into some of the most common problems with business plans.

1. Focus is On Your Product Not The Solution It Offers

This business plan delineates how revolutionary the product is, how wonderfully it integrates high technology and innovation or how efficient would be to produce it at a large scale.

However, the Focus is misplaced. Investors want to see how the products solves a problem of a target group. In fact, investors look for the following:

- **Define Pain:** A clearly defined and compelling problem should be supported with marketing research and testimonials to substantiate the pain is real.
- **Define People Experiencing Pain:** Tell who your target is. Even if there is a small number of people. Be specific. In fact, success in one niche market would serve as a platform to launch it on a larger scale to other targeted groups.

2. A Fraction of the Whole Market Makes Us Successful

This business plan discusses how the product or service would be successful, given its revolutionary design or the expertise of its service provides, only if a fraction of people purchase it.

However, this line of reasoning tends to forget the fact that what happens if the very small number of people do not take advantage of product or services large enough so the costs justify the investment. This business philosophy will probably culminate in bankruptcy.

Therefore, it is vital to entrepreneurs to not only rely on secondary research and marketing data, but also go to the field and ask real people about their potential venture. This is hard work but it is worth it.

3. Detailed Spreadsheet Ensures Our Success

Entrepreneurs might put a lot of effort and energy, and rightly so, into creating a spreadsheet based on simulated economic projections. However, the real story might be more complicated. In fact, a savvy investor goes beyond the spreadsheet and might ask the following:

- What is the profit margin? How many products or services are to be sold to be profitable?
- What is the relationship between high margins and high profit costs? In other words, what are the net profits?
- Is the business expected to bring in money in a month or later?
- Is now the time to launch this kind of business venture?

4. Everything About Our Business Plan Is Wonderful

Truth is key. Tell investors what could go wrong. Tell them why you think it might take some time to be profitable. Tell them how competitors might react to your entry. Tell them whether your team has the expertise, temperament and resolve to survive. Indeed, be honest.