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Writing a Business Plan

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A topic of interest today in the public library is helping people who want to start their own business or expand the one they currently own. Most people in this situation need to write a business plan to submit to interested investors or banks to obtain the money necessary for their dreams. A few write a business plan to be used more as a roadmap of where they want to go. These second ones can be written more in an outline format, but most business plans need to address the following topics in depth: the business, products, financial data, marketing and advertising and management. A good outline of a business plan can be found at the Small Business Administration webpage (<https://www.sba.gov/writing-business-plan>). The best guide for most people is the *Business Plans Handbook*. This book contains actual business plans for many different types of businesses. As of February 2015 there are 32 volumes. This book is often used as a starting point when helping someone decide how to write a business plan for their business. They are also available from Gale as E-Books.

The first step in writing a plan is to get a sample you can use as the basis for your own. The best source for that is *Business Plans Handbook*. The next step is identifying the industry's SIC or NAICS codes. These are available in print in the *Standard Industrial Classification Manual* or the *North American Industry Classification System, United States*. Both of these are best used by the keyword index in the back of the book. These identify the 4-6 digit or 10 digit codes that identify specific industries or types of businesses. The SIC is slowly being phased out by the NAICS codes as we ran out of unique numbers with the smaller numbers available in the SIC numbers. However both codes are still being used by databases such as Reference USA. Some of the reference sources used later in your search require you to access them by these codes. You can also find these codes at <http://www.census.gov/eos/www/naics/> or <https://osha.gov/pls/imis/sicsearch.html>. These online sources give both NAICS codes and the older SIC codes. These numbers are also used by businesses to fill out paperwork when applying for government contracts so this is a very vital step in the process if the ultimate target market is the defense industry or other government contracts. When you are having a difficult time finding the key words used to identify your business type one of the ways you can find out what is being used by your competitors is *ReferenceUSA*. This electronic database lists almost 39 million US businesses and gives both the SIC and NAICS for each record. Looking up a competitor and using the same codes that they do is a quick and easy way to identify where your business fits. This database is also one of the best sources for identifying your competition, vendors and target markets.

Once you have identified the codes for your business, the next step is to see what the industry is doing and what the potential is for you to enter the market. There are many ways to do this. Standard and Poor's *Industry Surveys* gives an overview of many industries. Another source which covers more industries is *Manufacturing and Distribution USA*. This gives outlook and competitors for many more industries than Standard and

Poor's *Industry Surveys* does, but it is not as current or as comprehensive. Another source for industry outlook is the many magazine and newspaper indexes available. These provide very timely information on some very specialized industries. I use Ebsco's *All-in-one Search* or Gale's *InfoTrac General OneFile*. The *All-in-one Search* allows a patron to search five business related databases including *Business Source Premiere*, *Green File*, *MasterFile Premiere*, *Newspaper Source* and *Regional Business News*. Databases covered under this heading may vary depending on your subscriptions to Ebsco's magazine indexes. *InfoTrac General OneFile* covers more trade journals as well as a more global magazines and newspapers. Using both of these sources you can access more than 12,000 magazines and newspapers around the world.

After you have found information on the industry outlook the next step is identifying competitors and vendors for your business. There are many local directories that list the businesses that operate in your area as well as nationally, such as *Dun and Bradstreet's Million Dollar Directory* and *Ward's Business Directory of U. S. Private and Public Companies* and internationally, such as *Hoovers Online*. These can be used to find information such as how much money is being made, number of employees, how long in business and much more. This can be very useful for someone who thinks he can make 10 million dollars and finds that of the ten local competitors only one is making that and he has been in business for ten years and the other nine are all making less than \$500,000 a year. This information can sometimes be used to make a decision not to take a chance because of the high risk factor in succeeding at the level required by the patron. Using these resources you can also identify target markets, especially if the target market is other businesses. You can search these sources by keyword or industry codes and geographically to narrow the search to the target area.

Once the target market is identified the next question is usually how can I find demographics for this area. The source I use is *BusinessDecision* which gives me data on many demographics and psychographic points. I can get census information, population, housing, income and age. I can find out what categories or products people are spending their money in. I can then use Reference USA's *US Consumers/Lifestyles* to create a mailing list of people purchasing products I supply.

The next step in determining if your business idea is viable is to find out the average cost to operate a business in your area. There are three resources that are excellent sources for this. They are Robert Morris *Annual Statement Studies*, Troy's *Almanac of Business and Industrial Financial Ratios* and Dun and Bradstreet's *Industry Norms and Key Business Ratios*. These are the resources I mentioned earlier that you would need the SIC or NAICS codes to get into. Troy's and Dun and Bradstreet's books are numeric by the code and Robert Morris is given by the codes in the front of the book. They are not in order by these codes. Each of these gives financials for operating specific types of businesses, but they do not give all of the same information. To get a complete picture you will need to use all three. Robert Morris is the most well known and is taught in most universities as the source for this data. However, Dun and Bradstreet's is the only one to give financial ratios to determine risk factors and that is what banks look for when they look at a business plan. Troy's is the only one that gives depreciation on equipment and employee costs. These figures can be very important in industries that need to replace equipment regularly or those that have employees as that cost is a major component of the operating costs for many retail and services businesses.

These sources help your patrons identify whether or not it is viable for them to start or grow the business type that they choose. Some today use the lean startup method and the same tools can be used to answer this abbreviated version of a business plan.