



Checklist 14: How To Avoid Common Mistakes When Creating A Business Plan

Project Name: _____

Date: _____

- | | | <i>Yes</i> | <i>No</i> |
|---|--|--------------------------|--------------------------|
| 1 | Don't write too much: It is important that you stick to the point and provide only relevant details. Keep the tone formal and informative, and don't go into storytelling mode. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | Don't add a lot of formatting details: While it is good to add sub-headings, bold font and bullet points where necessary, remember that your business plan is a formal document, and inserting in complex fonts, page layouts and colours may make it difficult for the investor to focus on the key information. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | Give your business idea the value that it is due: Do not oversell your business idea. Give an honest account in your business plan about the profit that your business is expected to make so as not to disappoint and discourage your investors later on. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | Get your priorities straight: Investors have more confidence in business when they know the owner or manager has a clear focus about where they want to spend the money. You should have two or three priorities and stress on them in your business plan as well so your investors know what you are aiming for. For example, if one of your goals is to provide competitive pricing as compared to your competition, stick to how you plan on achieving that goal and don't diverge from it. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | Do not think that cash equals profit: It is essential for you to recover payments due to you by your customers as soon as possible. Allow some customers to have a little bit of credit but remember to take payments because that encourages cash flow, and maintaining a steady stream of cash is necessary for paying bills, buying equipment etc. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | Give true details about the first twelve months: This is crucial for your business plan as this will allow investors actually to assess your business. Your milestones, financial plans and marketing strategies | <input type="checkbox"/> | <input type="checkbox"/> |

Notes

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should be very accurately described, with true projections and not overly-ambitious numbers that you might not be able to meet.

- 7 Don't go into a lot of details about the future: It is practical to give 3-5 year projections, but there is no need to add predictions of up to 10 to 20 years as the future is full of uncertainties and market conditions may change significantly in a decade or two.
- 8 Keeping a rough copy with you: This might seem like a very mundane tip, but it is necessary to have a soft copy, or even a hard copy of the plan with you even after you have submitted it to your investors. A lot of hard work goes into making a business plan and if you lose it, or one of your investors loses it you should have one with you that you can use instead.
- 9 Avoid general statements: Try not to make very vague statements about your milestones, goals or projections. Some fact or figure should support almost everything that you say. Investors will not be impressed if you make statements that they can see are not backed by any facts.

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