

Creating A Business Plan

Putting together a business plan does not have to be any more complicated than asking the right questions and writing down the answers.

By Deborah Sexton

What do you do when you have to go someplace and you don't have a clue where it's located? You get a map. If you want to become an apparel decorator and have no idea where to start, you create a business plan. As you do your research, you create a map that shows you what direction to head and how you're going to get there.

The best reason to do a business plan is it gives you something to gauge your progress against. It forces you to think through the whole process of starting a business. It gives you a chance to reflect on what you're doing instead of just jumping off the cliff.

After you closely examine the different aspects of starting a business, you might end up taking off those rose-colored glasses in a hurry. Many people get into screen printing because it has a low barrier of entry from a financial standpoint, but it's a lot of work. A real business plan will open your eyes.

How long it takes you to prepare a business plan, how much research you do, and the number of pages is determined by a variety of factors. First off, decide who's going to

see the plan. If it's just for you, it doesn't have to contain as much detail or financial information as it does if you are presenting it to a bank or potential investors.

Mark Coudray, Coudray Serigraphics, San Luis Obispo, Calif., who has been in the industry more than 25 years, updated his business plan after he decided to change his company's direction. "The key to a good business plan is it helps you focus on what you do best. It's so easy to get distracted without a plan. It helps you to spend your time most effectively. It should be two to three pages long, unless you're preparing it for a bank."

Mark Venit, president, Apparel Graphics Institute, has been in the decorated apparel industry for 35 years and a marketing/management consultant for 29 years. He puts together three to four business plans a year for industry newcomers.

He estimates that a plan ranging between five to seven pages "will usually cover everything. However, 10 to 15 pages is common. The maximum size for a small business would be between 20 and 25 pages, and that is going to include a lot of data that a bank does not need to see," he points out.

If you're thinking about getting into the decorated apparel industry or adding services such as screen printing or embroidery, writing a business plan is not nearly as hard as you may think.

Most people hate the thought of even trying to do a business plan because they don't know how to write one. But it doesn't matter if you know how to write one. It's the process of thinking about the business that is the most helpful.

Taking The First Step

The good news about tackling your first business plan is that there is an enormous amount of resources available. Software programs, books, Web sites, and Specialty

Printing & Graphic Imaging, SGIA, all offer information to help you get started. (See Resources sidebar.) As you start thinking about your new business and making decisions about what it's going to be, it's critical to know the right questions to ask. Armed with the right information, the writing can be done in three to four hours, say veterans.

The first part of the business plan is an overview or executive summary. In a nutshell, you want to answer when, where, why, what, who, and how? You want to write a synopsis of what the business is. It shouldn't be really detailed, but simple statement.

Here are a few of the questions you need to ask as you collect information for the overview. Use it as a tool to get you started.

What are my products and services? To answer this broad question, you must ask yourself a series of more specific ones. "In our industry, one the biggest mistakes people make, especially newcomers, is they don't realize how many types of businesses you can have in the apparel graphics industry," says Venit.

To determine what segment you want to specialize in you must ask:

What decorating services will you offer?

Will decorating services be offered on a custom or contract basis?

Will you offer preprints?

Will your market be local or national?

What niches will you specialize in (for example, trucking, corporate, oil, health care, etc.).

Will you offer in-house separations, bagging, tagging, labeling, fulfillment, etc.?

What size and type of equipment are you going to buy?

Where will the business be located and how many square feet will it be?

“There’s no shame for people who are starting in their homes and garages,” Venit points out. “That will not scare a bank away.”

What are my personal and company objectives? You might have a personal objective to start a business in which you do not have to work more than 40 hours a week or you do not work on weekends, for example.

A company objective may be to earn \$75,000 the first six months in business or to start out offering embroidery services, but add screen printing to the mix by the second year.

What is going on in the marketplace? This type of information can best be gathered by searching out the appropriate people.

“Go to companies who are having T-shirts printed and ask them: Who are you buying your shirts from? Why do you buy from that company? What’s important to you when you buy T-shirts? Are there any needs not being met?” says Coudray.

Venit also recommends getting information from the Better Business Bureau, the Chamber of Commerce, and the Yellow Pages.

“Ask the chamber for the kind of information it would send to a new business thinking of relocating to the area,” says Venit. “I call this propaganda, but it will have pretty clean demographics. It also can provide information on housing starts, the local economy, how many schools are in the area, the population of old people, and who are the largest employers.”

“What is the primary economy in your area? Most of my clients do not have a clue, but you have to get some of your business out of the primary economy,” he adds.

“Look in the Yellow Pages. You want to check for competitors under these categories: retailers, brokers, screen printing, T-shirts, embroidery, promotional products, and occasionally sporting goods. Then you’ve got to talk to some of these people and figure out how many of them are really competition,” says the consultant.

How will I reach my potential customers? This may be one of the most important questions to be answered.

You have to do a marketing plan that explains how you’re going to promote your business. “It should state what you are going to do each month over a period of time. Am I going to run advertising in the Yellow Pages? Am I going to make phone calls to local businesses? How many people am I going to call a day? A good marketing plan with sound decisions on how to promote your company will allow the banker to see that you have a plan to grow your business.

Who is my ideal customer? It’s important to define as specifically as possible what you will and will not do.

Venit advises, “To come out of the gate and try to be all things to all people is a formula for failure. Talk to people in the industry and get a handle on where the best place to start is.”

Coudray agrees. “Don’t mess around with people who want something that doesn’t fit your ideal profile.”

What will my production be? In this question you should answer issues such as what is the ideal order in terms of number of pieces, number of colors, types of garments, etc. Also what is your target range or capability to print per month? What’s the maximum number of clients you will accept? (This may seem like a nice problem to have, but it can

have a dramatic impact on your company later if you take on more than you can handle.)

Do you want to restrict any single client from becoming more than a certain percentage of your overall business? (This keeps you from putting all of your eggs in one basket.)

What value can I offer? What will be my company's competition advantage?

Do you have state-of-the-art equipment? Do you have an experienced staff? Are you environmentally conscious? Are you a supporter of the community? Do you take less than minimum orders that others turn away? Do you offer faster turnaround? These are all examples of things you might cite as reasons why customers would choose your company.

These are just a few of the questions you need to ask yourself as you put together your business plan. Getting started is the hardest part. Use this handy guideline to jump start the process.