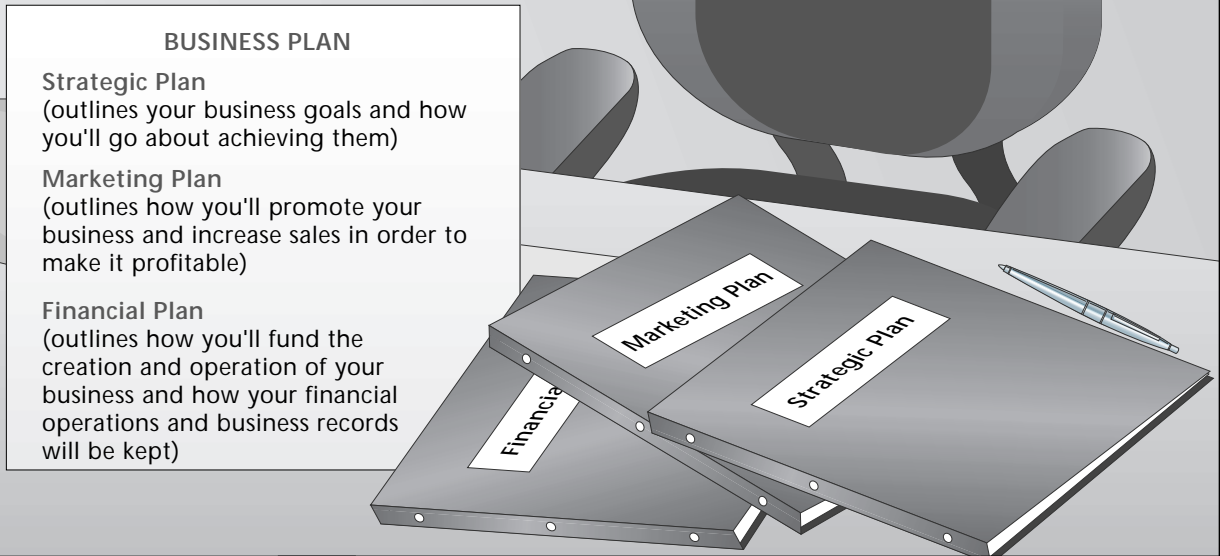


CHAPTER 16

Figure 16.1

The Three Parts of a Business Plan



BUSINESS PLAN

Strategic Plan
(outlines your business goals and how you'll go about achieving them)

Marketing Plan
(outlines how you'll promote your business and increase sales in order to make it profitable)

Financial Plan
(outlines how you'll fund the creation and operation of your business and how your financial operations and business records will be kept)

**A BUSINESS PLAN
IS ESSENTIAL**

Whether you're starting a business of your own, purchasing an existing business, or taking over a family business, it's a good idea to develop a business plan. *What is the purpose of a business plan?*

Your Financial Portfolio

Planning for Success

For several years Tom has been going with his father to yard sales. His father buys old clocks and radios. He fixes them if they need it and sells them at the Millerton Flea Market. Tom has an idea to start his own business and decided to organize his plans.

Oldies but Goodies

Type of business: Selling used CDs, movie videos, and video games

Location: Millertown Flea Market

Target customers: All ages, but mainly ages 10 to 25 for the CDs and movie videos, and ages 10 to 22 for the video games

Potential number of customers: About 300 to 800 people visit the flea market each day, which is open Friday through Sunday.

Competition: No one has been selling these products at the flea market since the Albertsons moved away.

Other competition: The nearest place to buy used CDs is about 10 miles away; all three local video stores sell used movie videos and video games.

Challenges: Getting enough products to sell. Jaimie McKerry buys surplus stock for Franklin's Discounts, and he will sell me used CDs for about \$2.50 if I buy at least 100 at a time.

Costs: Purchasing the products, sharing expenses with Dad for renting the table (\$50 for the weekend), and gas for when we go look at garage sales.

Potential profit: I used to look at all the CDs and videos when Vinnie Albertson had his table, and he seemed to move a lot of merchandise. I think I can make a profit of \$3 a unit and sell 30–50 units a weekend.

Background and special skills: I've been going to garage sales with Dad for several years. There are always old CDs, movie videos, and video games that I can pick up cheap. I like negotiating when I buy and sell, and I like helping Dad at his table. I also know popular titles.

Prepare a Plan Select a merchandising business that you think you would like to own. In your workbook or on a separate sheet of paper, describe the type of business, the product(s) involved, and factors you think would make it successful. Describe why you think you could make this business a success.