

**JOURNAL OF SMALL BUSINESS
STRATEGY****BOOK REVIEW****BUSINESS PLANS MADE EASY, SECOND EDITION****By Mark Henricks & John Riddle**

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Business Plans Made Easy: It's Not As Hard As You Think, presents an excellent, ready-to-use methodology for writing a business plan and presenting it to potential funding sources. While aimed at the startup entrepreneur, even a seasoned business veteran will find it instructive. Books on writing business plans, on the whole, present the same basic information. What sets them apart is the author's writing style and use of practical, how-to worksheets and tips. Authors Mark Henricks and John Riddle have done an excellent job in both respects.

The conversational style used by the authors makes this book an easy read. The material is presented as if a knowledgeable mentor was speaking to protégés, guiding them through the elements necessary in a business plan and alerting them to common problems to avoid. Scattered throughout every chapter are textboxes entitled "Plan Pitfall," "Plan Pointer," "Plan of Action," "Fact or Fiction," and "Buzzword" which impart very practical advice on common plan errors, ways to improve a plan, sources for more assistance, straight answers to business plan questions, and definitions of terms a writer will likely encounter.

Chapter 2 did an excellent job of dispelling common myths regarding the use of venture capital in startup businesses. An interview with a venture capitalist in the health care industry provided an inside look at what a venture capital firm is *really* looking for and how they evaluate a proposed investment idea and management team.

Two useful pre-venture planning worksheets are included in Chapter 4. A "Goals & Objectives Worksheet" guides prospective entrepreneurs through a series of questions to assess their commitment to the venture and determine their management style. So often, entrepreneurs dive into a new venture without analyzing the company's financial potential. The authors provide a very practical worksheet entitled "Assessing Your Company's Potential," which examine a potential startup from a financial and lifestyle perspective. An example is included on assessing the financial potential of a newsletter directed at owners of coffee bars.

Chapter 8 does a superior job in describing the importance of and exactly how a startup business determines its "Unique Selling Proposition (USP)". The authors include a worksheet

where business owners define areas of strength/uniqueness and score them on a scale from 1 to 10. Also helpful are more than a dozen concrete examples of small business USPs.

The marketing section of the business plan is discussed primarily in Chapters 9 & 10. An "Industry Analysis Worksheet" provides a framework for entrepreneurs to assess the current and future strength of the industry – an often ignored element of many start-up business plans. The authors do a nice job of explaining and providing examples of easy-to-implement primary research gathering methods. The "Promotional Budget Worksheet," contained in Chapter 10, is suitable for existing businesses as well as startups. It provides an organized way to plan annual promotional expenditures, mediums used, goals, and frequency.

The section of the book describing financial projections did the usual job of explaining the elements of an Income Statement, Balance Sheet, and Cash Flow Statement in cursory fashion. What was pleasantly unexpected, however, was the outstanding "Break-Even Analysis Worksheet," contained in Chapter 12. In one page, entrepreneurs are presented with a very simple method of computing the often elusive break-even point of their business. The simplicity of its formula and plain language explanation are the keys to its usefulness.

Common financial ratios and their use are described in this publication. The authors did an especially nice job of providing explanations and examples of average collection period and inventory turnover. Also, a methodology of preparing a monthly cash flow forecast is presented along with a sample for a sailboard rental business. Both guide a prospective business owner through one of the more difficult aspects of preparing a business plan.

The final four chapters and appendices inform entrepreneurs of the most common exhibits to attach to their business plan, presentation tips, sources of additional assistance available, and internet research ideas. Most helpful are the five sample business plans included. Samples are provided for the startup retailer, high tech company needing growth capital, service business seeking working capital, manufacturer seeking strategic partners, and the startup in need of an equipment loan.

This book is highly recommended for those new to writing a business plan. Its helpful worksheets, textbox tips, and common sense explanations make this publication an easy to use reference tool.