

Elements of an Effective Business Plan

Name

Course

Instructor

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Date

It is essential that every organization must have a comprehensive business plan to succeed in its existence and to achieve the organizational goals and objectives. It is imperative that not only the start-ups but the existing organizations must develop an effective business plan as it would allow growing exponentially in the global competitive markets. The global business dynamics are changing rapidly and the competition is high in every industry; thus, every organization must incorporate a sustainable business plan.

The following components may be considered as helpful to develop a comprehensive business plan to succeed in the global industries. A comprehensive business plan starts with an “Executive Summary” that explains the synopsis of the entire business plan; however, it is written in the last generally as all other components of a business plan are adequately written (Shaw, 2017). The next component is the “Company Description” that highlights the products or services the company is offering while the next in the line is “Market Analysis” to understand the opportunities and threats (Shaw, 2017). The next component would be the “Competitive Analysis” to gain a competitive advantage while deep insight of the internal environment including management, operations, sales, and marketing are also mandatory to succeed (Shaw, 2017). Another very important component of the business plan is the “Financial Summary” as it allows the management to understand the capital flow and other financial resources to achieve the goals and objectives also highlighted in the business plan (Shaw, 2017).

The business plan is considered mandatory for entrepreneurs as it would provide sufficient support for the progress of the business (Lattanzio, 2021). A comprehensive business plan helps the individuals to identify the problems and target to resolve such problems sufficiently while it also provides better advice for the progress of the business venture (Lattanzio, 2021). It also allows the entrepreneurs to organize all the resources including the human and financial sufficiently while

it also allows approaching the investors in a significant way (Lattanzio, 2021). It is also relevant to claim that a comprehensive business plan allows achieving the milestones including the goals and objectives (Lattanzio, 2021).

It is also very important to develop the right structure for a business to succeed in the global markets. There are four main types of legal structures of the businesses including Sole Proprietorship, Partnership, Corporation, and Limited Liability Company (LLC); however, which structure is best for a business depends upon the nature of the business and the resources (Steiert, 2021).

The two basic structures that would be most suitable for a start-up business would be partnership and LLC as in both structures the profits and losses are shared among the shareholders and it would mitigate the financial burden on an individual as being a sole-proprietor. The advantages of both Partnership and Limited Liability Company are the fact that the capital is generated by the partners; however, the LLC venture has an edge for the investors as their liability is limited to the amount of capital actually invested and the owners can operate in the company on a full capacity (Steiert, 2021).

The partnership structures provide great capital for the business ventures as more partners would allow more capital; nonetheless, it has a disadvantage as the liability is unlimited for each partner in such a structure (Steiert, 2021). However, it provides a large business network along with tax advantages for the partners (Steiert, 2021).

It is imperative to have the right business structure that would incorporate a legal form for a personal business. While going through the legal platforms including IRS, SBA, and FL Sunbiz;

it can be derived that the “Limited Liability Company” (LLC) is more suitable for a start-up business venture.

The LLC or “Limited Liability Company” provides an opportunity for the investors as a legal entity that encompasses limited features of a corporation and has some better tax efficiencies along with the flexible operations of a partnership (Smith, 2017). The owners of a Limited Liability Company who are referred to as the members may have many benefits to run a business venture to achieve the organizational goals and objectives.

The best advantage for the members in a Limited Liability Company is the fact that unlike in the corporations; they are not taxed as a separate business entity that provides them a less tax burden on their income (Smith, 2017). The tax process is more suitable in such a legal entity as the profits or losses would pass through the members based on their liabilities and they report separately to the federal tax returns based on the profit and loss as the same way being done in the partnership legal entities (Smith, 2017).

It is very important for any new or existing business venture to write a comprehensive business plan that would allow the entrepreneurs to not only achieve their personal goals but also the organizational goals and objectives (Dixon, 2021). The right business structure that would incorporate a legal form is also mandatory for the successful progress of the business venture. The legal formation of every business entity would depend upon the business nature, size of the business, and the resources including the financial and human on a larger scale. It can be said that a comprehensive business plan and the right legal structure would contribute to the success of each business venture.

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