



## Lean business plan: A quick draft to flesh out your business idea

### Description

A [lean business plan](#) will help you make a quick draft of how to turn your idea into a viable business, for a quick pitch and feasibility study. If you, like a friend of mine I had a recent discussion with, are detail-oriented, [business plans](#) can be a tricky affair.

It can be easy to get bogged down on less important details and it never gets completed. Somewhere along the line, you spend a week on the vision and mission, and the core of the business gets forgotten.

A lean business plan helps you quickly flesh out the outline of your idea to build on. With it, you can quickly draft key points that let you know if the idea is viable or not. It should be a short document, as short as you can make it be.

A good rule of thumb is; if your lean business plan was verbal, it should be able to say what, how, and for whom you are going to do and what outcomes will come of it, to someone in a general conversation, without taking up an inconveniencing amount of their time.

An elevator ride should be enough to get that across. This is a concept referred to as an [elevator pitch](#). To achieve this, you need to touch on the key points of your business. Not only do you need to touch on key points but be very brief on how you elaborate on them.

So let's look at the points your lean business plan should cover and how you should put them across.

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## Business Background

•*Why should anyone even care?*

This is where your lean business plan gives a little context to your business. Your brand needs to have an identity to succeed in today's market and strike a chord with customers. The age of faceless corporations is fading.

Today's consumer wants to know and connect with the brands they deal with. They want shared values and objectives, they want to know they fit into your vision, and you to theirs. This is the part of the business plan where you let this come out.

Unfortunately, unlike in a traditional [business plan](#) where you can do this via your vision, mission, goals and values, here you have to condense it. You have just a few lines to clearly outline where your business stands regards all of the above.

Considering this is likely the first part any of your stakeholders will see, it better be the best summary job of your life. Failure to do so may result in many not even getting past this point.

In addition to what the business stands for and what you hope to achieve, lay out your motivations for the business.

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Be clear on what motivated it into existence and the culture you want to build, both internally and with the community as a whole. This should be phrased in a way that every stakeholder feels accounted for and as a potential benefit.

Investors should see you as investment potential, competition should see you as something to be feared, clients should see you as their next favourite brand, while your extended community as a whole should see you as quite the force for good. Think of this as possibly the greatest pickup line of your life.

## The Problem

*What problems is your target market facing that you want to solve?*

This is the part that determines if you should continue with the business or quit while you're ahead. You can have all the passion in the world, but without a problem to solve, your business simply shouldn't exist.

There are about three types of problems you can identify:

1. There are problems that are already existing but are not being solved
2. Some problems are being solved but you may feel you can solve them better
3. There are problems that your target market doesn't even know they have yet.

Every business needs to have a good feasibility and viability study of their operation. A viability study seeks to answer if the business can be sustainably run, profitably in the case of for-profit businesses. Feasibility studies are more concerned with determining if it's actually possible to get the business running.

So in terms of viability, if people can identify a problem -therefore a need- then they can consider paying the cost of a solution. That's the start of viability. Even if you are not seeking profit, you need to convince stakeholders your cause is one worth standing behind.

Whatever problem you want to solve, make sure you can tell those you want to solve it for in an appealing manner. Identifying the problem is only the first step, getting your potential clients to see it as well is just as important.

## The Solution

*How do you intend to solve these problems?*

The solution forms the feasibility study part. Remember, feasibility studies are more concerned with determining if it's actually possible to get the business running. You have to analyse if it's

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possible not only to solve the problem but if the infrastructure is there.

Even the most brilliant of solutions won't make a difference for you if:

- There is no technology to bring it to life
- It's illegal or immoral to bring it to life
- There is no environment conducive for it, or
- Social norms render it unlikely to be adopted.

If one of these conditions is not optimal, then your solution, and therefore your business is simply not feasible. If you can influence the bottleneck, then invest in doing so. In a situation where you can't, you have to accept the idea as not doable.

Adopt your solution as closely as possible to your target market and the problem at hand. The same problem will manifest itself differently for different markets. You need to look at your value proposition and make sure your narrative aligns the solution to the target.

Remember it's not always the best solution that wins, more often than not it's the best-communicated one. Like the problem statement above, frame your solution in a manner that attracts your market.

## Your Value Proposition

*How does your solution set you apart from the rest?*

Your value proposition is how you set your business, brand, product and service apart from all else that exists. It defines how the customer experience will be better for those dealing with you. Take a great deal of time in defining this, because it caps off your feasibility and viability study.

With no uniqueness in how the problem and solution are tackled, your target market will stick to the tried and tested. Your value proposition is important whether you are chasing new, existing, or unidentified problems, but is particularly important for the second.

Traditional business thinking that encourages the pursuit of unexplored business ideas is flawed. The evidence? Businesses prove this wrong by thriving, even becoming leaders in highly competitive markets.

When Google came into the search sphere, arguably their defining product, there were already [at least seven good search engines](#) to use. Additionally, they [Google] were [about 5-6 years late to the game](#). Yahoo was already a giant by then, but today, Google is synonymous with web-search, Yahoo is

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a footnote in history.

While a lot of factors contributed to its success, Google just had a better value proposition. Their product was more accurate and easier to use, and eventually, we all gravitated towards it. Similarly, Tesla approached a known problem with a great value proposition.

A lot of us care about our environment, but we are not ready to wizz around in G-Wizz. When Tesla started giving us exotic electric cars, we jumped aboard, they simply had a great value proposition, save your environment without looking like you've given up on life.

In your lean plan, take a few lines to capture this. Make every person who reads this statement question how they even existed before you, even though you are not in existence yet.

## Target Market

*Who do you intend to sell to?*

This part address the most important stakeholders in your business. A business simply cannot survive without a market to serve. More importantly, it cannot exist if that market is not willing to pay for what it wants to offer.

The problem or the solution could be poorly defined and executed, but if a market exists and is willing to pay, your business will succeed. Just to illustrate, an App called [I Am Rich](#) made its creator \$5 600.00, and Apple \$2 400.00 in commissions.

So what did this hot app do you ask, nothing but display a red gem and text reading I'm rich. Considering saying I'm rich is not really a problem a lot of people are having, this is surprising. Even more surprising, at R999.99, a gold watch would have been a better solution.

But the crappy solution to a non-existent problem made its owner a decent sum. I'm sure you are building a brand with a little more impact, but the lesson remains. Make sure there's a market willing to pay for your product and it will sell.

Not only do you need to clearly define the market, but you'll also need to be clear on how you'll communicate with this market, and how you'll serve them. The positioning of your brand and your product will determine your tone and reach. It's important to make sure that the brand is in front of clients, easily accessible to them.

Do not, under any circumstances think [if you build it they will come](#). You have to hold their hands and bring them while convincing them to buy all along the way.

## Your Competition

*Who provides an alternative to your solution?*

A lot of entrepreneurs have squandered their dream because of poorly defined competition. Before you get into this part, it's important to know that not everyone who provides a similar or alternative solution to yours is your competition.

It may even be wise to capture this part of the business plan last. This is because once you have an intimate understanding of what you want to do, your competition becomes clearer. Think about it, if you want to build an upscale restaurant, McDonald's is simply not your competition.

Your identity, vision, and strategies determine your competition just as much as your location and target market. If you fail to recognise this, your business will fail while you're defending it from non-existent threats.

After you've narrowed your competition to what matters, be prepared to explain it to stakeholders. From a distance, it won't be immediately apparent why some viable options don't count as your competition.

Your employees, potential investors, and even your potential customers themselves need to understand your reasoning. Be brief, but relate your competition in a manner that each group would understand the exclusion.

In a business that has a lot of competition, say maybe a corner store, it's not practical to list all your competitors. Focus, instead, on how your value proposition will help you navigate this competition. Make sure whoever is reading clearly understands that despite the competing numbers, your business will stand out from the rest.

## Projections

*What expenses can your business just not do without, and how much do you need to sell to cover them?*

Making projections in a lean plan can be a bit frustrating. A good business plan shouldn't leave any room for you to be blindsided, particularly when it comes to financials. As a result, it can be tough to be brief, because the temptation is to list everything that may come along.

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But a lean plan of your revenue, expenses and profits is an advantage, not a drawback. I can never overemphasise the importance of every business [being lean](#). This means only the most important expenses should be incurred.

This not only makes your business profitable faster, but it also allows you to [finance a lot of your needs internally](#). Excluding [external funders](#) as much as possible gives you more control of your business and retains your growth with you.

Your expenses are a good place to start, try to list ten at the most, including the cost of sales. Project these as accurately as possible without getting bogged down on them. With your expenses in hand, decide on a profit margin that would make your business worthwhile.

Add it to the expenses and see if the sales figures are feasible. Should they be, then you have just projected that you are sitting on [a profitable idea](#). If not, try adjusting your expenses, strategy or assumptions without losing accuracy, and try again.

If you repeat the process often enough and the revenue is just not cooperating, then your business is not feasible. The difference between your calculated revenue and expenses including the cost of sales, is, of course, the profit you will make.

## Team

*What skills are needed to get it done?*

This is the simplest part because whether in a standard or lean business plan, your team needs to be planned for in the leanest rations possible. For many organisations, staff expenses form the largest fixed overhead and regularly stress cashflows.

When planning for a lean team, start by identifying the skills your business cannot do without. Once you have identified these, think up the minimal structure you can apply to get these skills. Your initial team will have to wear a lot of hats.

Because of this, this is an important time to think about the characteristics you want them to have. This is the time you'll want to think about the culture that will prevail. This culture needs to be reconciled with high achievements using limited resources at the end of the day.

However, no one will have to wear more hats than you. You'll need to do all that you can up to just straddling the line of [burnout and insanity](#). I mean a graphic designer is a nice to have, but with a tool like [Canva](#), you may need to hold off on one for a while.

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Entrepreneurship will require you to [learn new skills regularly](#), particularly those related to [free resources](#). With this, your business can turn a profit faster. As a result, when planning for a team, your plan should put you in a leading role for many of the needed skills.

The rest should be filled by the least number possible without compromising on quality. As long as no department and your clients are suffering in any way, you don't need more people, no matter how nice it would be to have them.

## Location and Facilities

*Where are you going to run the business from?*

It's important to know where the business needs to be for you to make it a success. While the internet and infrastructural development are making it possible to reach clients from far and wide, physical location is still important.

Granted, your [eCommerce](#) shop can sell anywhere across the world, but your physical location has implications as well. Matters such as [tax](#) and compliance will be determined by the location you choose to be headquartered.

Even with a global infrastructure for transport, ultimately, locating closer to the majority of your market share simplifies logistics. It'll make your service delivery quicker and cheaper. Pick the factors that matter most to you with regard to the location and briefly explain how these influence your choice.

Over and above the location, make a brief detail of the facilities this location should have to be optimal for use. These should be related to logistics and communication among other things. Your location strategy should enable you to deliver your product or service in the best way possible.

## Strategic Partnerships

*Who are you joining forces with and why?*

It's unlikely that you will be able to do everything needed in your business internally, especially if your dream is big enough. Even if you could, you should consider avoiding that to concentrate on your core competencies.

Once your [business starts growing](#), you can start considering doing everything internally. It's important to lay out early on what areas of your business can benefit from a partnership. It can be a partner that allows you to expand your market or a partner that allows you with internal work.

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For example, Mut-Con could be a partner that identifies growth opportunities for you, while you deliver your passion to clients. Strategic partnerships can help you:

- Expand your offering early before you have the means
- Gain advantages you wouldn't otherwise afford initially, like industry leaders

They can also help you gain passive income. Some of our blog posts earn us a commission from our partners like [Shopify](#). The primary purpose of our posts is to inform, not sell these products, but because we realised the value they can create for our clients we, partnered with these brands.

The passive income is just an added benefit. So it's important, early on in the business, to identify businesses that can yield you these benefits. Strategic partnerships can also cut down the competition, particularly against the big boys. Instead of taking them head-on, you can try to figure out how to exist together with them with mutual benefit.

## Social Responsibility

*How will you make a difference beyond just your customers and investors?*

[Profit and charity are not mutually exclusive](#). In fact, businesses that actively engage in charitable deeds enjoy a lift in [brand loyalty and sales](#). Additionally, giving back [can help you steal market share](#) from your neighbours.

This is the part of the business plan where you choose a cause that's close to your heart. This cause will become an intimate part of your business identity and culture. Ideally, it should be something closely related to what you do, it's more sustainable that way.

In a few brief sentences, define how and why you want to make a difference in this sphere. It's important to remember that not all charitable deeds need to be financial. For example, at [Mut-Con](#), we also give a fair share of our skills to non-profits.

They are businesses too, and they need good business consulting. We help them [start and grow](#), to make a difference, just as we help other entrepreneurs realise their goals. If you are willing to give in a variety of ways, you can hit the ground running.

You can start giving before you even see a profit. This way, you enjoy [the benefits of running a charitable business](#) as early as the planning stage.

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## Conclusion

Failure to plan is planning to fail, but if you lose focus, planning can be the cause of your downfall. If you are having trouble getting started, you should consider a lean business plan.

After all, if you can't even answer the basic questions about your business, it might not be worth pursuing. Once you get started, ideas should start to flow more easily.

From your lean business plan, you should be able to draw up a full-scale business plan that will help you run your business and grow it to success. At this stage, even as you consult with a professional, you would have set the tone for your business.

You would have a better understanding of it and have built its identity. That's perhaps the biggest advantage of your lean business plan. The second? You'll quickly know if there's anything to your idea before wasting months on planning.

Additionally, you can quickly send it to stakeholders for quick feedback. Finally, when you are done, you have a great executive summary for your business plan and a pitch deck. Don't forget to grab our [lean business plan template](#) to help you get started with your own planning.

### Category

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