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| **Benefits** | **Problems** |
| * Forces the entrepreneur to think carefully about every aspect of the start-up, which should increase the chances of success * May make the entrepreneur realise that she or he lacks the skills needed for part of the plan, and therefore try harder to employ an expert or buy in advice * If the plan is well received by investors, they may compete to offer attractive terms for obtaining capital * Many entrepreneurs have the whole plan in their head, not on paper; if illness or accident strikes, others will only be able to keep things going with a paper plan | * Making a forecast (e.g. of sales) doesn’t make it happen; entrepreneurs sometimes confuse the plan with reality; poor sales can come as a terrible shock * Problems arise if the plan is too rigid; it is better to make it flexible, so that you are prepared for what to do if sales are poor (or unexpectedly high) * Plans based on high sales will include lots of staff to meet the demand; risks are lower if the business starts with a low-cost/low-sales expectation * Business success is often about people, not paper. An over-focus on a perfect plan may mean too little time |