

Evaluating a Business Plan

When you evaluate a business plan there are some primary questions you need to ask after you have thoroughly read the plan. The following provides a generic outline of what you need to look at when you are evaluating your client's business plan.

1. Is the business plan readable?
2. Is the business plan well thought out?
3. What is the legal structure of the business?
4. What are the strengths of this business plan?
5. What are the weaknesses?
6. Has your client accurately estimated the difficulties in growing a business?
7. Are there any vague or unsubstantiated statements in the business plan? (i.e. sales will double in two years)
8. Is your client being realistic?
9. Is there data to support your client's statements?
10. Has your client demonstrated a how they are going to measure their objectives?
11. Does the plan demonstrate how your client intends for this business to become profitable?
12. Does the business plan demonstrate that there is sufficient demand for the products/services?
13. Does the client have a sustainable competitive advantage?
14. Does the plan adequately describe the business?
15. Does it adequately describe the products/services?
16. Is there a solid management team?
17. What is the historical profile of your client's business?
18. Are the projections backed up with reliable data?

19. What analysis of the market has your client conducted?
20. What is your client's market share?
21. Is the business feasible?
22. What are the risks associated with the business?
23. What are the opportunities associated with this business?
24. What are the challenges associated with this business?
25. Is your client in a position to overcome these challenges?
26. Has your client included historical financial information on their business?
27. Has your client included all the necessary financial statements?
28. Are the financial statements realistic?
29. What happens if you run different scenarios using the generic financial statements that have been provided?
30. How much financing is requested? Is it reasonable?
31. What are the financial ratios telling you about this business? Have you compared the ratios to the industry averages?
32. Does the business plan need more research?