

A business plan creates 30% greater chance of growth

## Description

Does a business plan really add value to a business? Since every new business will find challenges along the way, there are those who say that a business plan is not necessary. Sometimes these challenges can be foreseen and most of the time, business issues arise without warning and they must be mitigated urgently for the business to continue to be successful. A business may well survive without a **business plan**, but there is evidence that a solid plan that is followed, will created even greater success. (TAULLI, 2009).

Subsequently, the following research work is aimed to create an understanding of the importance of a business plan and its role in organizational success. Statistics will be used to support the thesis that a Business Plan is contributory to the success of the business that implements it. Find here a list of businessplan success statistics.

## A business plan is a significant key to the success of a business

A business plan is a written document by the entrepreneur that describes the relevant external and internal elements involved in starting that new business (ZIMMERMAN, 2014). Each business has specific areas of focus and a business plan develops a more concentrated map toward the success of the business. **Having a business plan doubles the chances of success of a new venture**.

In the USA, every month about 543,000 new businesses start, but in the first two years only seven out of 10 is still in business, where as after five years 5 out of 10 are still around. Interestingly enough, the businesses that manage to survive for 5 years, about 70% follow a strategic business plan (Nazar, 2013).

## A business plan triggers having a Long Term Strategy

Stick to strategy: strategic planning is setting a longer-term goal for the business and developing a plan to achieve it. In business planning making a business strategy develops a sense of where the business is right now, where you want your business to be in future and

what you need to do to get there (Nazar, 2013).

## A business plan doubles the Organizational Success Ratio

Strengths and weaknesses: every business has some weaknesses and well as some strengths. After making a detailed business plan, businesses will be able to identify the strengths and weaknesses and then the business will be able to mitigate its weaknesses by using its strengths as a success factor (ZIMMERMAN, 2014). Considering this, in an article, the writer has exposed that having a business plan **doubled the organizational success ratio** (SBT, 2017). At the starting stage, businesses that use business plans have **7% higher likeliness of high growth** as compared to those who do not develop a business plan at the starting stage (Francis J. Greene & Hopp, 2017).

## A business plan sets Priorities and creates Focus

Set priorities: According to its own priorities, a business will be able to focus on the areas where it thinks is best to focus. Aside from a business strategy, there are also business priorities like growth, sales, and financial health. According to a report, it is stated that the entrepreneurs that expect external financing are 19% more likely develop their vision into the paper form as compared to those not seeking external financing. (Francis J. Greene & Hopp, 2017).

## A business plan helps Delegation & Communication

Better delegation: The Business plan is an ideal place to clarify who is responsible for what. The business will be able to delegate the authority and responsibility to the right person according to the demands of the job.

Manage change: With a strong plan a business can catch new business developments, track progress, as well as monitor technology and market changes, so the business can adjust its plan according to actual data. If a business has no plan about how to deal with sudden change, then sudden change can create great difficulty and chaos for the business.

## A business plan drives better Target Achievement

Target achievement: Having a written businessplan available encourages meeting targets more effectively as they work as driving factor for performance. Targets may be of different classes, promotions or regarding financial objectives.

## 23% of UK businesses do not have a written business plan

Sometimes having a written (formal) business plan in place only seems to work for large businesses. A few small businesses have a formal written business plan, and even fewer have informal (verbal) business plan.  A new research from Barclays stated that in the UK one out of four small businesses (23%) do not have any business plan. Approximately half (47%) of the UKâ??s small businesses have formal (written) business plans in place while

the remaining (25%) have informal (verbal) business plans in place (Talk Business, 2016).

More than 30% of the small businesses do not survive the first 3 years of operations if they do not have a business plan (Francis J. Greene & Hopp, 2017). The business plan success statistics are thus clear.

## 50% of new businesses fail in 5 years

This is a frequently quoted statistic. 50% of new businesses die within five years. It is often because they did not follow a set business plan. Businesses who do not have a business plan 25% of the them will die within two years of startup. 10% of businesses die within five years of formation, and only 6% businesses die withinin 10 years (SBT, 2017). Like large business, small businesses should also have a formal business plan for the success of their business. 52% of the businesses in the south and east are most likely to have a business plan while only 38% in the midlands have a formal business plan (Koulopoulos, 2016).

## A business plan creates 30% greater chance of growth and a chance to double the business

If a large business has a formal written business plan, then there is a 30% chance of growth in sales and also the chance to double the business. Indeed, business plans have a lot of importance on the success of the business and for the going concern (Henricks, 2008).

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**Date**
11/27/2026
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