

**INSIGHTS ON INFORMATION TECHNOLOGY FIRMS**

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Individuals considering buying or selling an information technology company frequently utilize a business plan.

Our firm's experience reveals that many successful entrepreneurial firms prepare, review and update their business plan regularly. Today a business plan is considered obsolete if it is over six months old. Some of the reasons for preparing a business plan include:

- The process of compiling the business plan is dynamic. There are substantial benefits when the company's officers and managers discuss and consolidate their ideas. It provides the company with a process to review itself.
- The company's key personnel analyzes the business' results and set goals. This process promotes acceptance of the finished product.
- The completed business plan should be used as a tool to operate the business and assist in achieving the company's goals.
- The business plan communicates the company's vision, mission, principles and business description to employees as well as others outside the firm.

A business plan usually contains the following sections:

- Executive Summary
- Description of the business
- Explanation of the product(s) and service(s) sold
- Analysis of the market in which the business operates including customers, competitors and suppliers
- Review of the company's management, personnel and shareholders
- SWOT Analysis
- Application of funds- if the plan is being utilized to raise capital
- Summary of prior financial results- including notes to financial statements
- Future projections
- List of goals
- Appendix- this contains more detailed information on the above topics

This information is only a guide. Many businesses fail to reach their potential because of inadequate planning. The importance of a business plan cannot be understated.

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The Chalfin Group provides strategic planning and valuation services to information technology firms.

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