

# 5 Reasons You Need a Business Plan to Succeed as an Online

## Affiliate

By Clay Mabbitt

### 5 Reasons You Need a Business Plan to Succeed as an Online Affiliate

Clay Mabbitt

cmabbitt@affiliatescreen.com

AffiliateScreen.com <http://www.affiliatescreen.com>

Joining an affiliate or MLM program does not require much experience or funding. It isn't surprising then that most people who follow this path do not create a business plan. They sign up and go through a few of the company's recommended marketing steps. After a few months, without having seen a return on their investment, they quit the program. Often these people move on to another program, only to repeat this cycle again. What steps can be taken to develop a reliable secondary income instead of throwing away a few hundred dollars on ineffective marketing on each new program?

The answer is a business plan. Many start up businesses write a business plan with the specific aim of attracting investors, but there are more benefits to be had than just additional working capital. Following are 5 reasons a formal business plan is crucial to any serious Internet entrepreneur.

#### 1.) Predict cash flow

A well-written business plan will provide estimates of your expenses and revenue. Most businesses lose money for a brief period before they begin making money, and affiliate and MLM programs are seldom exceptions. A business plan will reveal the break-even point: the point at which you've earned back the money you put into the business. Without knowing your break-even point, you could decide to throw in the towel when you're only a few more months away from a steadily growing income.

#### 2.) Identify customers

You get money in business because you provide a good or

service that satisfies a customer's needs. The more needs you satisfy, the more money you make. Your success in an affiliate or MLM program is directly related to your ability to find the people who can benefit from your product or service. Who are your customers? What need do they have that you can satisfy? When and where do these people go looking to satisfy their needs? A business plan answers these questions.

### 3.) Identify competitors

While you are trying to satisfy your customers' needs, other ambitious businesses and individuals are trying to meet those needs before you can. These are your competitors. You must know how your competitors are solving customer problems, if you intend to provide better solutions. A business plan will outline not only each competitor's strengths that can be imitated, but also weaknesses that can be exploited.

### 4.) Anticipate obstacles

The future is uncertain, but one thing certain is that you will encounter setbacks. Your conversion rate from people who come to visit your site into paying customers might not be as high as expected, your web site hosting service may go bankrupt, or you may find yourself unjustly accused of spamming. One of the roles of a business plan is to identify potential obstacles, evaluate their chances of occurring, and plan how to reduce the damage they could cause.

### 5.) Solidify goals

You don't need a business plan to set goals. What a business plan provides is a backdrop against which to examine your goals. Assume you set the goal of increasing your downline by 60 people in the next 6 months. If you've only budgeted \$10 each month for recruiting marketing, that goal may not be reasonable. A business plan allows you to integrate your goals into every aspect of your business.

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