

HOW TO WRITE A BUSINESS PLAN

Keep it short.

The reasoning for that is twofold:

- First, you want your business plan to be read.
- Second, your business plan should be a tool you use to run and grow your business, something you continue to use and refine over time. An excessively long business plan is a huge hassle to deal with and guarantees that your plan will be relegated to a desk drawer, never to be seen again.

Know your audience.

Write your plan using language that your audience will understand.

For example, if your company is developing a complex scientific process, but your prospective investors aren't scientists (and don't understand all the detailed scientific terminology you want to use), you need to adapt.

Accommodate your investors, and keep explanations of your product simple and direct, using terms that everyone can understand. You can always use the appendix of your plan to provide more specific details.

Don't be intimidated.

The vast majority of business owners and entrepreneurs aren't business experts. Just like you, they're learning as they go and don't have degrees in business.

You don't have to start with a full, detailed business plan. In fact, it can be much easier to start with a simple, one-page business plan – the so called Lean Plan - and then come back and build a detailed business plan later.

6 things to include in a business plan

1. Executive summary

This is an overview of your business and your plans. It comes first in your plan and is ideally only one to two pages. Most people write it last, though.

The critical components of a winning executive summary are: one sentence business overview; the problem you are solving in the market; how are you addressing the problem you have identified in the market; who is your ideal customer and the referred numbers; a brief overview of your team; the key aspects of your financial plan; if you are raising

money to start or grow your business, you must include the details of what you need; the progress that you've made so far and future milestones that you intend to hit.

2. Opportunity

Defining the problem you are solving for your customers is far and away the most critical element of your business plan and crucial for your business success.

Once you have described your target market's problem, the next section of your business plan should describe your solution. Your solution is the product or service that you plan on offering to your customers.

Now that you have detailed your problem and solution in your business plan, it's time to turn your focus toward your target market: Who are you selling to?

The final section of your target market chapter should discuss key customers.

3. Execution

Now that you've described your opportunity, you're going to move on and describe how you're actually going to make your business work. You'll cover your marketing and sales plans, operations, how you'll measure success, and the key milestones that you expect to achieve.

4. Team and company

In this chapter, you'll review the structure of your company and who the key team members are. These details are especially important to investors as they'll want to know who's behind the company and if they can convert a good idea into a great business.

The company overview will include: Mission statement; Intellectual property; A review of your company's legal structure and ownership; The business location; A brief history of the company if it's an existing company.

5. Financial plan

Your business plan isn't complete without a financial forecast. You need to include in your financial plan: your sales forecast - your projections of how much you are going to sell over the next few years; your personnel plan that (eventually) details how much you plan on paying your employees; the profit and loss statement; the cash flow statement; the balance sheet, that provides an overview of the financial health of your business; an exit strategy - your plan for eventually selling your business.

If you are raising money from investors, you should include a brief section of your business plan that details exactly how you plan on using your investors' cash.

6. Appendix

If you need more space for product images or additional information, use the appendix for those details.