

How To Make A Business Plan

Great and efficient planning often means the difference between success and failure. When it comes to your entrepreneurial dreams and plans, you should do everything that you can to ensure not only its success, but its progression and continual growth. The business plan outlines your business strategy, what your goals are, and what you need to do to achieve those goals. It helps you think your options through and identify the best opportunities as well as plan on how to avoid pitfalls that your business might go through.

Reasons to create a business plan

If you are still not sure why you need a business plan, here are some solid reasons why a good business plan will aid you on your journey to success.

- Structured way of organizing your business and building a clear strategy.
- Allows you to measure your progress along the way.
- Ensures that your team is working with the same vision.
- Helps you plan for the future.
- Essential for securing external finance.
- Attracting business partners or new senior managers.
- Essential when you decide to sell your business.

7 Essential Points to Include In a Business Plan

Below, we will go in detail through the main points and sections that make up your business plan. According to your business, you might need to add a few more sections, but the following points make up the basic skeleton of your business plan.

1. Executive Summary

The executive summary is an overview of your business and plans, it is ideally one to two pages that introduces your company and explains what your business does. It is usually the first section of your plan; however, it is advised that you write this part last after you have defined all the details of your business inside and out. It should be clear and concise, covering the key highlights of your business.

2. Company Description

Here is where you get to describe your business in more details, including a history of your business or how it came to be, your experience and your vision for the future. This section should answer the following questions:

- What is your target audience?
- What needs do they have that your company will satisfy?
- What are the products or services that aim to satisfy those needs?
- What sets your business apart from other businesses in your field? (Highlight the advantages and the benefits that your business provides.)

3. Analysis of Competitors

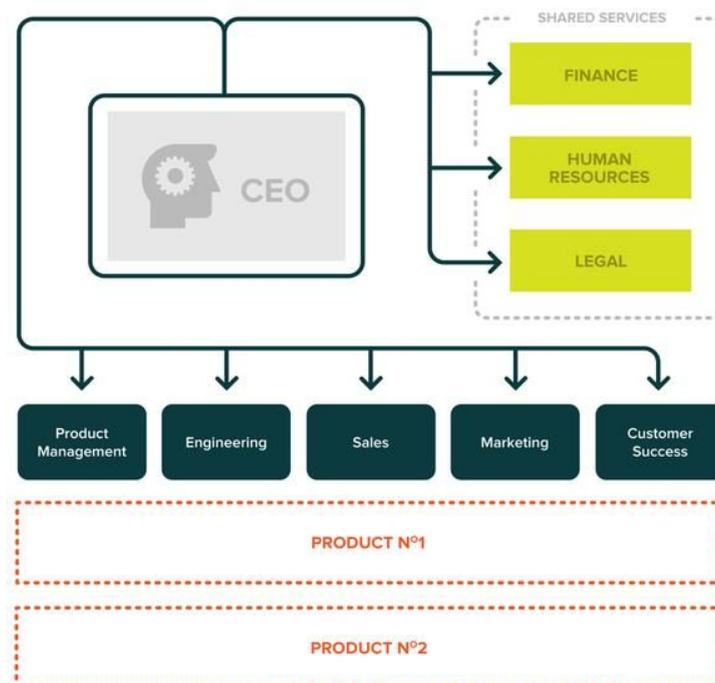
This section should offer an objective summary and analysis of your competitors. You would want to include the basic measurable identifiers such as; the market share, the age of the business, the served demographics, the type of product and how much they sell, and their strengths and weakness.

You should be realistic when you show how profitable your competitors are, this would give you more credibility, for potential investors would then know that your industry is a viable one and has potential for success based on accurate and realistic studies.

Moreover, try to include any foreseen opportunities and threats that might affect your progress, along with any rules and regulations that your business has to follow.

4. Organizational Structure

You need to clearly define the organizational structure of your startup. Depending on how you are planning to scale the company, it would be best to sort out the structure sooner than later. Having the organizational hierarchy set in place before you get started prevents future debates over who reports to which position. It would make it clear as to who is in charge of specific department and people.



5. Marketing & Sales Strategy

You can divide your marketing plan to four areas and those are;

- **Market penetration:** How do you plan to enter the market and gain customers?
- **Growth:** Once you enter the market, how do you plan to grow your business?
- **Channels:** What are the channels that you will use to distribute your product?
- **Communication:** How will you promote customer awareness?

As for your sales strategy, you should mention how you plan to get your product to customers, will it be via the use of a sales force, through a brick-and-mortar store, by selling directly to retail business, or through e-Commerce.

When setting a price for your product/service, make sure that;

- a) The price covers the cost.
- b) You should never focus only on your competition when setting your price.
- c) You should take into account factors like changes in the market, the practical use of your product and how long it will last.

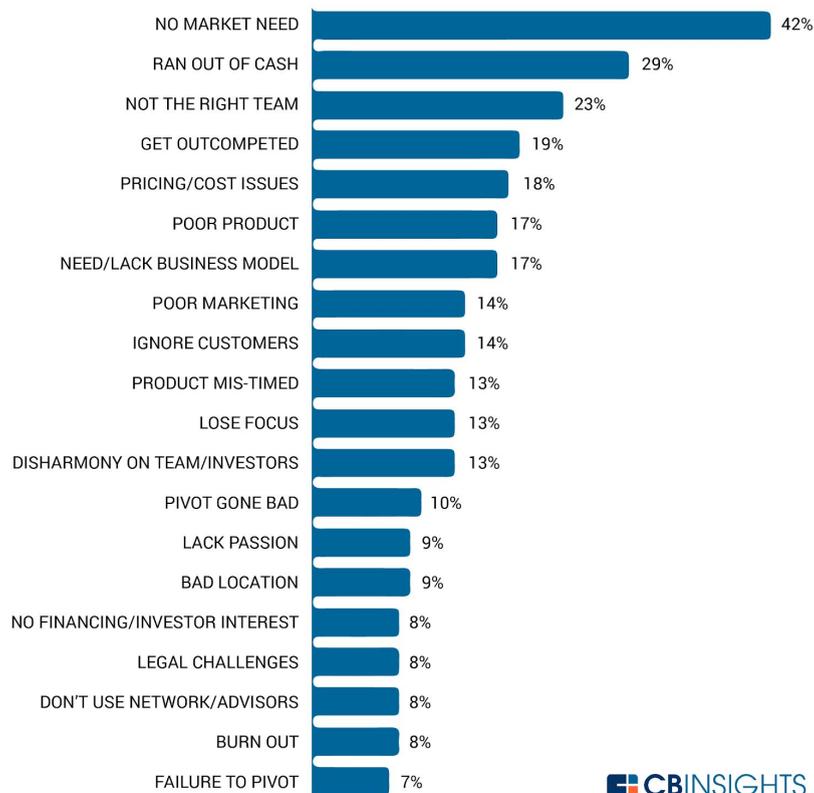
6. Financial Plan

The financial plan is one of the most essential elements of any business plan. A typical financial plan should have monthly projections for the first 12 months and then annual projections for 3 to 5 years. The business financial plan should address the following:

- **Cash flow statement:** A view of how money comes in and goes out on a day-to-day basis.
- **Profits and losses statement (income statement):** A simple scorecard showing exactly when sales and expenses happen. It involves the combining of elements such as revenue, expenses, capital and costs to provide a quick view of how much your business makes or loses over a certain period (monthly, quarterly or annually).
- **Balance sheet:** This breaks down your business finances into assets (tangible objects you own that can be converted to cash), liabilities (debts) and equity. Understanding this concepts and how to read your own business in numbers is extremely important.

THE TOP 20 REASONS STARTUPS FAIL

Based on an Analysis of 101 Startup Post-Mortems



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7. Appendix

If you have additional information that you want to add to your plan, or product images/illustrations and other graphics such as charts, tables, definitions, legal notes or other critical details, you can use the appendix section to add this data.

THE BUSINESS PLAN: BRINGING IT ALL TOGETHER



Finally, you would need to take your time writing your business plan. It can take up to three months to right a decent, solid, well-polished business plan. Going through the process of writing your business plan will increase your chances of securing an investment as well as improving your potential growth rate. Furthermore, while writing your plan, you will need to do extensive market research which in turn will give you valuable data that would steer you in the right direction to improving your business and making it stand out.

Once you are done writing your business plan, run it past your accountant or lawyer, and get impartial feedback. When you are all set, go one step at a time and put your business plan into action. Good Luck!