
Writing Your Business Plan

Do you know where to start?

By: Aaron Dyer

It's time to get down to business, that is, the business of writing your plan. You know the basics involved, but putting your knowledge on paper can prove slightly daunting. It is a crucial document to your business, one that goes beyond helping you attain funding. It will aid you in achieving your big picture goals for the company. It tells your sales personnel, suppliers, and others about your operations and goals. A good business plan helps you allocate resources properly, handle unforeseen complications, and make the right decisions. Let this plan be the map leading to your success.



The business plan should have clearly outlined sections that deliver information and goals in an organized and informative manner. These individual sections will answer a specific question pertaining to your business. A list of the important sections are as follows:

The Executive Summary

Only a cover sheet and table of contents precede the Executive Summary, otherwise it is the first introduction a investor/lender will have when reading

about your company, and the most important part of your document. The Executive Summary is the first section of your business plan, but the last part that you should write. It's a summary of the rest of your plan, and should amount to no more than a page or two. The Executive Summary is the first thing in your business plan that other people will read so you need to explain the basics of what you intend to do with your proposed business. It offers an overview of your plan regarding the current market trends, features of the product or service, competition issues, financial reports, and management team. When drafting the plan with the intent of showing it to a possible investor, it is wise to include information regarding the amount of funds you are seeking and the ways in which they will be invested. Remember, the Executive Summary may be your one and only opportunity to gain the attention of a prospective investor/lender, so make it interesting and make it sell the rest of the business plan.

Management

The next section is all about you and your people, especially the key managers in your company. In this section of your business plan you will give brief descriptions of your primary managers, including an overview of their backgrounds and functions in your organization, as this is of great interest to potential investors, partners and employees. The section will also detail

the qualifications of you and the other principles in the business. Your background, past experience, duties and responsibilities, etc. People want to know who they're dealing with. You may want to include an organizational chart that graphically depicts individual responsibilities and who reports to whom. Sell yourself and your team as a finely tuned machine that can tackle any problem that might arise in future as this will give greater confidence to a lender or investor.

Product or Service

What are you offering? What makes your business and the service it is providing unique? Ask yourself these questions and then get typing! This section describes your service or product, emphasizing the benefits to potential customers. Focus on the areas where you have a distinct advantage over your competition. Also include your overall plan for positioning, cost, and promotions to possible clients.

Market Analysis

The Market Analysis section should illustrate your knowledge about the particular industry your business is in, its target market, and your competition. Evaluating your industry increases your knowledge of the factors that contribute to your company's success. Your target market is simply the market (or group of customers) that you want to focus on. Understanding your customers is essential to business success. When analyzing the competition, highlight the key differences between you and your competitors: products (benefits,

features, performance and price), positioning, capabilities, and strategy. Make sure you provide credible statistics when writing this section.

Marketing and Sales

Marketing is the process of creating customers, and customers are the lifeblood of your business. In the Marketing and Sales Strategy section the first thing you want to do is define your marketing strategy. There is no single way to approach marketing. Your strategy should be part of an ongoing self-evaluation process and unique to your company. Marketing makes it memorable, and when the right marketing strategy is created, people will automatically think of your product. You want people to be triggered in some sensory way that then leads to an instant image of your product or service, be the "go to guy". Outline in detail your plans for promoting, placing, and pricing your product. It may be the greatest product on the market, but if no one has heard of it, none of that will matter. Don't let yourself or your product be tossed into a discount bin just because you weren't willing to go the extra mile to back up your quality with a creative marketing strategy. Think outside the box!

Operations

The Operating Plan deals with what you need to run your business, from facilities to the necessary equipment and technology for you to be successful. Place a critical eye on your business and rate your efficiency in operations. If your business is based largely on some aspect of its operations—

manufacturing, logistics, customer service, etc - readers will want to know about that in more detail. An efficient business is an effective business that produces results.

Financial Plan

Gather all your paperwork and get ready for some number crunching! The Financial Plan section distills your strategies and assumptions into how much they'll cost and how much money they will make you in the course of your new business. The financials should be developed after you've analyzed the market and set clear objectives.

This section will include data from income statements, balance sheets, cash-flow statements, and any other pertinent reports. Highlight the positives in terms of profits and reframe possible negatives as "opportunities" or "challenges". A challenge is something a solid team can rise to meet, emphasize this to the investor/lender and in your business plan. Consistency is also imperative. If you don't stick to your assumptions about profit margins,

selling prices, materials costs or other key measures throughout this section, it will show up immediately.

For some readers, such as bankers looking for balance sheet assets to collateralize a loan, the financial section may be the most important part of the plan. For others, such as employees looking for a great place to work, it's the least interesting. But it's actually of prime importance for everybody, because this section is where you'll distinguish a business from a mere hobby. If the numbers add up to a reasonable return on your investment, congratulations. Your business has a reasonable chance of succeeding.

As you research and prepare your business plan, you'll find the weak spots in your business idea that you'll be able to repair. You will also discover different areas with potential you may not have thought about before—and ways to profit from them. Only by putting together a thorough business plan can you decide whether your great idea is really worth your time and investment in the long run.

About the Author:

Aaron Dyer is President of Dyer Consulting Group, a small business consulting firm that advises entrepreneurs and existing business owners on ways to grow their company's revenues and increase profitability through better strategic planning and financial management. For more information, and also to sign up for Aaron's future articles, visit www.DyerConsultingGroup.com

