

# Writing a Business Plan

Adapted from Business: The Ultimate Resource, pp. 486-7. Perseus Publishing, 2003.

[UltimateBusinessResource.com](http://UltimateBusinessResource.com)

## Definition

- Essential document for describing aims and objectives and enabling the measurement of progress to achieving them.
- Wayne Tebb estimates that the typical business plan for a start-up takes 600 person-hours
- Often basis by which investors invest, so be scrupulous and complete.



## Three main elements

- **Marketing plan** covers how market intelligence will be gathered, ensures organization's strategies will meet trends
- **Operation plan** includes the supply of materials, technology, processes, resources, and production and delivery targets
- **Financial plan** assess fixed and variable costs; dictates minimum financing requirements



## Advantages of Having a Plan

- Yardstick to measure performance
- Starting point for operational plans
- Framework for management incentives
- Proof organization knows where it's going
- Bridges organization strategy with what people should actually do
- Assists in attracting customers, money, and shareholder support



## Disadvantages

- Detailed thought, research, application required
- Honest, realistic appraisal of shortcomings and obstacles
- Written from reader's point of view, not organization's
- Acceptance by ALL key players in organization



## Action Checklist

- Start with SWOT analysis
- Plan should be no more than 40 pages or so, focusing most on management and money
- Executive Summary no more than 2 pages



## Set context

- Background or business, product, or service
- Brief history or organization
- Who the customers are
- Past performance
- Key elements that might dictate success of the product or service



## Define Company Objectives

- Short-term, specific targets
- Measurability is CRUCIAL



## Perform Market Analysis

- Brief description of overall market and specific segment targeted
- Detailed info on current and proposed customers
- Names of leading competitors, market share, and alternative products or services
- Market influences: trends, fluctuations, legislation, social factors



## Marketing PLAN

- Image your organization wishes to convey
- Key or unique features that will differentiate you
- Description of promotional and publicity material
- Channels of distribution
- 4 P's of Marketing (product, place, promotion, price)



## Operation Plan

- Researching
- Developing
- Producing
- Delivering
- Costs (labour, materials, plant, equipment)
- Contingency plan



## Current Financial Situation

- What's required form investors and lenders"
- Data documenting past, present, projected performance
- Startup costs, profit and loss, cash flow, balance sheets
- Explanation of financial controls
- Assumptions
- Err on side of caution and worry!!



## Management

- Show that these people are committed, capable
- Describe strengths, skills, history
- If there are weaknesses, indicate how you propose to deal with them



## Organization Ownership

- Partnership? Limited Liability? Corporation? Nonprofit?
- Show how much investment is already being made and by whom



## Critical Success and Risk Factors

- Learning environment that will generate success
- Specialists and experts on hand
- Risks, problems
- Actual or potential negative factors



## DON'T

- Make assumptions on reader's behalf
- Be optimistic in estimating income or in expecting positive reaction
- Use long words, technical jargon, or complicated sentences



## Do

- Research target readership
- Consult resources and experts
- Address bones of contention
- Remember contingency aspects of plan
- Outline qualities and skills of management team
- Keep it short, focused, and readable