



How to Write a Business Plan



When how to write a business plan is at the top of the SBA list of the ten steps in how to start a business, it tells you something about how important the experts consider it to be. Planning a business and writing a business plan is more than just having a location picked and a product or service to sell. Financing, marketing strategy and future growth all require a well-researched and thought out business plan.

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Getting Started

There are many articles and resources available on the Internet explaining how to write a business plan, but writing a business plan is more than merely following a business plan template or copying someone's business plan examples. A business plan can be as simple as a few notes scrawled on a paper napkin, or it can be a 40-page document with multiple sections and subsections describing every minute detail of a company's operations, products and finances.

Writing an effective business plan is easier if you take time before starting the writing process to conduct your research and gather the information you will need to incorporate into it. Business owners of new startups or established companies can benefit from thinking through and researching such success-determining issues as:

- Marketing strategies
- Regulatory environment
- Capitalization requirements
- Financing opportunities
- Organization
- Risks
- Competition

From this list you quickly realize that a business plan is more than a document a business uses to get financing or to attract investors. It is a roadmap of how your business will operate in order to succeed. Before you can begin writing your business planning roadmap, you need reliable information about your industry, your competitors, your product and your customers for inclusion in it. An industry analysis, competitor analysis, product feature comparison and [market research](#) will give you the information you need.

How to Conduct an Industry Analysis

Understanding the market and industry in which your company will do business is accomplished through an industry analysis. An industry analysis conducted before you begin to write a business plan will help you to:

- Recognize and analyze ways of reducing business risks
- Identify industry trends including potential problem areas within the industry
- Project capitalization requirements for your business
- Identify product and service trends and opportunities

An industry analysis is specific to the particular industry in which a business is currently operating or into which it plans to venture. It provides information from which a business owner can create a long-term strategy to minimize risks and take advantage of growth opportunities.

Porter's Industry Analysis Method

A method developed by Michael E. Porter of Harvard University has become the most frequently used method for analyzing any industry in order to create a strategy to compete within it. According to Porter, there are five forces that influence all markets and industries.

The five forces are:

- **Ease of entry:** When new companies can enter an industry with relative ease, those companies already in operation will lose their competitive advantage. Profits will suffer unless existing companies have a way to block or slow new entries. Government regulation, customer loyalty, and patents and copyrights can be barriers to new businesses entering a market or industry.
- **Power held by suppliers:** Suppliers of products, services or materials that a business needs can affect a company's ability to compete. If there are few alternative products or only a few vendors offering the materials, the suppliers can dictate prices, quantities and delivery times to businesses that must purchase from them.
- **Power of buyers:** Strong customer bargaining power, as in industries where there are many competing products from which a buyer can choose, can affect a company's ability to price its products without fear of losing customers.
- **Availability of substitute products or services:** If two companies with similar products compete within an industry, they will each benefit as advertising and marketing by the companies will generally increase customer demand. For example, two businesses selling different brands of house paint will mutually benefit as customer demand for their products increases due to the competing marketing campaigns. The presence of a company that sells and promotes vinyl siding as a substitute for painted surfaces will reduce the size of the market share for paint.
- **Competitive rivalry:** This factor in the analysis takes into consideration the number of competitors in an industry and their relative strength. An industry with many companies offering similar products will offer a company little opportunity to

control the ability of consumers or suppliers from going elsewhere.

Porter believed that an analysis of the five forces that exist in every industry could help forecast a company's ability to compete and remain profitable. You will obtain sufficient information on your industry from the five forces analysis to formulate long- and short-term strategies to incorporate into your business plan.

A business plan for startup companies will benefit from an industry analysis that provides ownership with information to make decisions and formulate policy in certain key areas. You should be able to answer the following key questions about the industry and your company's ability to successfully compete in it when you have completed the industry analysis:

1. What are the primary economic characteristics of the industry?
2. How strong are the competitive forces that exist within the industry?
3. What trends or changes can be expected in the industry and from where will they come?
4. What response will competitors make to the entry of a new company into the industry?
5. What are the factors that will determine your company's ability to succeed?
6. What are the industry prospects for profitability and potential for growth?
7. Will the company compete on a local, national, regional or international basis?
8. What modifications or changes must be done to the company's products or services to make them competitive in this industry?

Industry Analysis Resources and Tools

There are a number of free industry analysis resources and tools available to entrepreneurs preparing to write a business plan. A few of the more popular sources of industry information include:

1. BizStats (www.bizstats.com): It offers statistics and financial data on businesses

in a variety of industries as well as tools to calculate business valuation and cost of goods sold.

2. Securities and Exchange Commission (www.sec.gov/edgar.shtml): The SEC makes annual reports and other financial filings of publicly traded companies available for review at its website.
3. FreeLunch.com: This site from Moody's Analytics offers data on economic trends and financial data from around the country.
4. Hoover's Online (www.hoovers.com): This is a product of Dun & Bradstreet that offers a searchable database of financial information and profiles of public and private companies.
5. U.S. Census Bureau (www.census.gov): Government agencies can offer a treasure-trove of information. The Census Bureau has searchable databases with industry overviews, economic data by region and population statistics.
6. Thomas Register (www.thomasnet.com): Originally published in book form, the Thomas Register is a searchable database of product information and market trends for a variety of industries. It publishes an annual survey it calls its "Industry Market Barometer" that shows where reporting companies are, where they have been and where they are heading.
7. Library of Congress Legislative Information (<https://beta.congress.gov/>): The primary source for information about recently enacted federal legislation that could affect a business or an entire industry.
8. Websites of individual companies or trade associations: Most companies have websites that provide information about the business including products and management structure. Trade associations usually have websites that offer glimpses into what is happening within an industry from the viewpoint of those working in it.

An industry analysis is not to be confused with a market analysis or a competitor analysis, both of which are included in a business plan for entrepreneurs. An industry analysis will describe the products offered within a particular industry and the parameters of the marketplace in relationship to economic, regulatory and political issues. Where an industry analysis establishes the scope of the marketplace, a market analysis tells a business owner if a market within a particular industry will be

profitable for a company's product.

Additional Resources on Industry Analysis:

- [SBTDC.org – How to Conduct an Industry Analysis](#)
- [UCSB.edu – Dr. Stan Abraham – Introduction to Competitive and Industry Analysis](#)
- [HBR.org – Finding Information for Industry Analysis](#)
- [Video HBR.org – The Five Competitive Forces That Shape Strategy](#)

How to do a Competitor Analysis

A competitor analysis is a process in which a business obtains information to identify and learn more about key competitors in order to be able to predict how the competition will react. Competitive analysis serves a vital role in strategic planning, so writing a great business plan becomes easier if you do your research before you begin to write your business plan.

A competitor analysis, unlike the competitive rivalry factor of an industry analysis, focuses attention on each competitor's strengths and weaknesses instead focusing on the overall competitive climate within an industry. A competitor analysis offers a detailed profile of each competitor along with an analysis of marketing strategies that can be used to counter position your company to improve market share or profitability.

At the completion of your competitor analysis, you should be able to:

- Identify your primary competition within your industry and marketplace
- Know the company profile of your competitors
- Identify the geographic location in which competitors operate
- Identify competitor's market share and profitability
- Know and understand your competition's strategies and objectives

- Identify benefits, such as increased customer awareness, derived from your competitors' marketing
- How to identify and understand competitor strategies that are successful and those that are not
- How to anticipate your competition's response to implementation of your strategies and plans
- Learn how to turn your competition's anticipated response to your benefit

The following steps will guide you through your competitor analysis:

- Create a list of your current and future competitors
- Gather data and information about your competitors, their products, and their marketing and pricing strategies
- Review and analyze the data
- Create a list of your competitors' strengths and weaknesses
- Create strategies to take advantage of competitors' weaknesses while a minimizing threats posed by their strengths

Sources of Competitor Information

Information for a competitor analysis is available from a number of sources including news stories and press releases, advertising, company websites, promotional campaigns, patent and copyright applications, price lists and, in the case of publicly traded companies, annual reports and SEC filings.

Sometimes, getting information about a competitor might require a bit of sleuthing on your part. If your competitor has a store that is open to the public, there are no rules prohibiting you from visiting it and taking a look around. Becoming a member of a competitor's mailing list to receive promotional material and updates on new products and pricing is a quick and easy source of information.

The information gathered about competitors might not seem like much when looked at separately, but when viewed as a whole, it can be mosaic-like in what it reveals

about your competition. A random conversation with a supplier might reveal information about a change in a competitor's product line. The point is to take advantage of every opportunity to acquire data about the marketplace in which your business operates, and it might reveal something about your competitors that could be of use in developing or refining your marketing strategy.

Additional Resources on How to Write a Competitor Analysis:

- [NYU.edu – Competitor Analysis Guide](#)
- [IASTATE.edu – Conducting a Competitive Analysis – Is There Room for Your Business?](#)
- [SBA.gov – Competitor and Market Analysis Tool](#)
- [Video Introduction on Competitive Analysis](#)

How to do a Product Feature Comparison

A product feature comparison allows you to compare your company's product with products produced by competitors. Unlike a competitor analysis that allows you to determine how your business measures up to competing businesses, product feature comparisons limit their focus to the products themselves. When used as part of the process of creating an easy business plan, product features comparison data can provide information that is critical to making marketing decisions.

1. Conducting the Research

The first thing you should do is purchase or acquire your competitor's product. This gives you the chance to evaluate your competitor's sales process while you are acquiring the product to test. By using the product, you can compare features on the competitor's product with those of your own product. If the features of the competing product give it a performance advantage over your own, you can evaluate how important those features are to determine if your product should be redesigned. Another source of information on the product is the internet. What are consumers saying about your product versus the product sold by your competitor?

Product reviews by websites that specialize in testing products could also tell you how your product is faring in the marketplace in comparison to other products.

2. Product Comparison Tables

The information you obtained through your research and product testing is easier to compare if it is compiled in a simple table format. The features of each product can be listed under separate columns for each feature, and each product feature can be judged to determine which one was the best. The best feature gets one point while the other product's feature gets no points. The winning product is the one that ends up with the most points.

Another method of evaluating the features of different products is to assign a score of 1 to 10 with the higher score going to features deemed to be the most important as far as product performance. The winning product is the one that ends up with the highest overall score.

3. Coming to a Conclusion

Comparing a competitor's product features with those of your own product is only useful if you use the information to make worthwhile improvements to your product. Redesigning your product just to make it look more like your competitor's product only makes sense if the redesign meets a customer need that your product is not currently meeting.

The conclusions you reach from the data a product feature comparison gives you can be incorporated into the market analysis, competitive analysis and marketing plan sections when you begin to write a business plan. The information will also be useful in guiding decisions made for the future development of new products.

Additional Resources on How to do a Product Comparison:

- [Berkeley.edu – Competitive Product Analysis](#)
- [Simple Product Comparison Template](#)

How to Conduct Market Research

Market research provides businesses with information about their customers and the markets in which they do business. By analyzing the data that it collects, business owners offer products that consumers want at prices that are competitive with other sellers. For the new entrepreneur who is learning how to start a business, market research performed prior to the preparation of a business plan can help in formulating strategies to reduce risks, recognize marketplace and industry trends, and identify opportunities to increase sales.

The marketplace for many businesses is no longer limited to one country. The growth of internet commerce has made it possible for even small businesses to participate in the global economy that exists for many products and services. Market research can help owners of businesses to evaluate the feasibility of expansion into international markets.

The data collected through market research should give a business owner the answers to the following questions:

- Who are the customers for a company's product or service? What factors influence consumers to purchase this product or service?
- What improvements or changes in current products would encourage customers to purchase more of them?
- What price range will cause customers to switch to other competing products?
- What features of a competitor's product do customers like or dislike?
- What other uses of the product exist that can be introduced into new markets?
- Marketing research allows you to compile a profile of your current or potential customers to provide answers to the following questions:
 - How old are they?
 - Where do they live?
 - What is their highest level of education?

- How large is the customer base?
- What are their favorite leisure time activities
- What do they do for a living?
- How much do they earn?
- Where are they employed?
- What technology do they use and prefer?
- What are their beliefs, values or opinions?
- Where do they prefer to shop?
- For whom do they shop?

Market Research Tools

The methods of gathering information about consumers do not have to be complicated. Frequently used methods include:

Interviews by telephone or face-to-face

Surveys conducted online, by telephone or through the mail

Questionnaires completed online, in person or through the mail

Focus groups to solicit feedback from people representing a cross-section of potential customers

Steps in Market Research

Any of the tools used to gather information can be employed using a five-step approach.

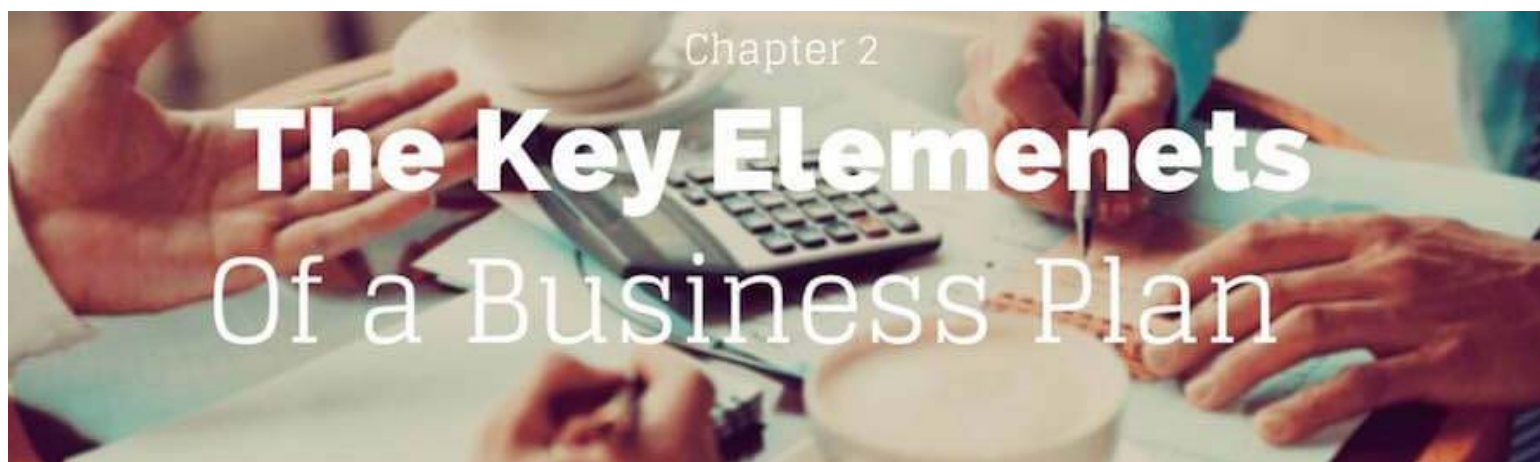
- Step 1: Identify what you want to learn or find out. Be specific about what you want to learn. Working on a single issue or question is easier than trying to create a survey or interview covering a wide variety of topics. For example, if your company is attempting to develop a new and improved widget to replace widgets that are currently being sold, you might focus your research on customer experiences with the old widget. Are they satisfied with how it performs? Do they believe there is a need for a new and improved model? Would they buy a new and improved model? How much are they willing to pay?
- Step 2: Draft questions to allow for follow up questions depending upon the

answer given.

- Step 3: Identify the target group for your research. Interviewing people who have never used your product will not generate data to allow you to determine how users of your product will react to changes in its design.
- Step 4: Select the most effective tool for obtaining the information you need. If your company is in the telecommunications industry, conducting a survey by telephone might be more effective than one conducted through the mail.
- Step 5: Analyze the results of your research. Market research data is only as good as the use to which you can put it. Go back and review the purpose behind your research. Determine if the data you gathered allows you to answer the question or solve the problem. If it does, develop a strategy and implement it. If it does not, then decide what additional data you need and return to step 1.

Additional Resources on How to do Market Research:

- IASTATE.edu – [Conducting Market Research](#)
 - SBA.gov – [Understand Your Market](#)
 - Export.gov – [Guide to Market Research](#)
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The Key Elements in Writing a Business Plan

The answer to the question “How do you write a business plan?” depends upon the type of business and the purpose for which you are going to use it. Too many

business owners think of a business plan as the thing they need in order to convince a bank to lend their company a loan or to convince a venture capitalist to invest in it.

In fact, business plans come in all shapes and sizes depending upon the audience for which the plan is intended. For example, a startup company would want a business plan containing all of the bells and whistles to serve as a comprehensive guide for the new owners and management. Should the time come when financing is needed for new equipment or for expansion, a revised business plan that focuses on the company's financial growth and ability to repay the debt would be needed.

Business plans are written with an audience in mind. Internal business plans are written for a company's management team to use as an operational guide. It can also be written with a specific project in mind to allow owners and managers to evaluate the feasibility and profitability of the project. These types of plans might include projections about profitability and growth ten or more years into the future.

External plans are written for the benefit of an audience located outside of the company. Prospective investors or venture capitalists and lending institutions are examples of the types of audiences for which external business plans are created. These types of plans are created to answer a question or address a particular problem. For instance, prospective investors want a business plan that demonstrates future growth and profitability of the company to generate a return on their capital investment.

How to Write a Business Plan

Too many businesses start out with inadequate planning. No one goes into business to lose money. If you start a business, your expectation is that it will be profitable and that it will succeed. Writing a business plan forces you to focus on the strategies that will make your business a successful one. That is why learning how to write a plan is

so important for new businesses or established businesses that might be venturing into new markets or launching new products.

Business plans come in all shapes and sizes, so what you choose to include in your business plan will depend upon your audience, the question it seeks to answer or the problem it seeks to resolve, and your personal preferences. The most frequently included elements of a business plan are the following:

1. **Executive summary**
2. **Business description**
3. **Business environment analysis**
4. **Industry analysis**
5. **Competitive analysis**
6. **Market analysis**
7. **Marketing plan**
8. **Operations plan**
9. **Team and management plan**
10. **Financial projections**
11. **Appendix**



The Executive Summary

Regardless of the business plan format chosen, the executive summary always appears first in the document. Its purpose is to educate and inform the reader about the company. It should explain where the company is at the present time, where it is going and how it plans to be successful. In a plan prepared for an external audience, such as investors or bankers, the executive summary is the first opportunity the business owner has to engage the interest of the reader.

Even though it appears first in a business plan, the executive summary should be written last. The executive summary is a snapshot of your business plan that a reader can quickly look at to become acquainted with your business. Writing it last allows you to highlight the strengths of your plan into the first section your audience reads.

Your executive summary should include the following information

- **Mission Statement:** This explains to the reader why your company exists. The activities of your company should be guided by its mission statement.
- **Company Information:** This is a brief statement giving an historical perspective of your company. It should include the date of formation, locations, company founders and number of current employees.
- **Highlights:** This is an opportunity to tell the reader about profit or market milestones achieved by the company since its inception.
- **Products and Services:** Briefly mention and describe the products or services offered by the company.
- **Financial Information:** This section is particularly important for companies seeking financing and should include mention of bank references and investors.
- **Future Projections:** Explain the direction in which ownership and management plan to take the business.

Remember that even though it might be the last thing you write for your business plan, the executive summary is the first thing that people will read. You have to grab reader's attention and hold it. Think of the executive summary as a highlight reel showcasing your business. One of the reasons for saving the executive summary until last to write is to give you the chance to include the best parts from each of the

sections of your business plan in it.

Write the executive summary with a particular audience in mind. If you are trying to attract investors, you should focus on those sections of your business plan that establishes how your company's product is filling a consumer need. Reference the market research and marketing strategies that demonstrate how your company will take advantage of this.

After completing the executive summary, read it aloud. It should convey your intended message in clear, unequivocal terms that flow without sounding like a sales pitch.



Business Description

A business description tells the reader more than simply, “We sell things.” This section of the business plan is an overview of the company, including its legal structure, its owners and management, a brief company history, information about the products or services it offers, markets the company will serve and other information to demonstrate how the company plans to introduce its product into the marketplace.

The purpose of the business description is to help a reader to quickly grasp the goals the company has set and how it intends to meet those goals. By the time a people are finished reading, they should have a clear picture of the nature of

the company's business, its business structure, its goals and objectives, and its strengths and advantages.

Begin the description with a few sentences that give a capsule view of the company, its product and its position in the industry in which it competes. This is an elevator pitch to get the reader interested in learning more about the company. Let the reader know if this is a new venture or one that has been in business for a while.

The business description should continue with a statement about the type of business structure adopted by the company. Explain whether it is a corporation, partnership, sole proprietorship or limited liability company, and list the names of the principals along with brief profiles for each one showing how their presence benefits the company.

Part of the description of the business should include information about the products and services sold by the company, the potential customers, supply and distribution channels, competitive advantages offered by product features and how the company plans to exploit those advantages. End the business description by explaining the specifics of how the company plans to be profitable.

The business description section of a business plan should not be overly long. Depending upon the size of the company and the number of products offered by it, a description that is one to two pages in length should suffice.



Business Environment Analysis

Business planning is an on-going process that does not begin and end with writing a business plan. Periodically taking stock of how a company is doing is essential to ensuring that it meets its goals and will become or continue to be successful and profitable. A business plan should be flexible by incorporating tools to analyze company performance in comparison to other businesses in the industry.

A business environmental analysis accomplishes this by providing useful information to management and company owners. Analyzing this data affords the management team an opportunity to identify those plans and strategies that are working, as well as those that are not.

The environment in which a company operates involves internal and external factors that influence how business is conducted. Internal factors include a company's business culture, its organizational structure, and the methods by which it is managed. External environmental factors might include government activities such as laws and regulatory actions, economic changes such as recessions, social trends and movements that shift consumer preferences, and innovations in technology that can help or damage a business' profitability and productivity.

A systematic process of analyzing the environment to identify those environmental factors affecting a company, determining the impact they are having on the business

and developing strategies to take advantage of them or limit their affects. After a business has implemented a strategy, the process continues with monitoring of the business environment to ensure that the strategy is working and does not require modification or change.

Business plan tools that give management a constant source of current and accurate information about the marketplace and the industry, as well as competitive forces at work in both, are essential to an effective analysis of the business environment. Three of those tools are the industry analysis, the competitor analysis and the market analysis that should be included when writing a business plan.



Industry Analysis

The industry analysis that you performed before sitting down to write your business plan can be incorporated into it to provide data on the industry and markets in which your company conducts business. Drawing upon the data you collected by using the various industry analysis resources mentioned earlier allows you to identify the risks and opportunities confronting the company as it prepares to enter the marketplace with its products or services. This information permits you to develop strategies to take full advantage of the opportunities presented to business while minimizing or avoiding the identified risks.

When written as a section of a company's business plan, an

industry analysis can be presented as a five-step process.

- Step 1: Give a brief overview of the industry. Define the industry in terms of historical background, the geographic area it services and the products it offers.
 - Step 2: Review trends and growth patterns that have existed within the industry.
 - Step 3: Identify factors that influence the industry. These might include government regulatory policies and competitive practices of other businesses.
 - Step 4: Using data gathered through research, forecast anticipated growth of the industry. The predictions should be both long- and short-term.
 - Step 5: Describe how your company will position itself within the industry. Focus on how your company can take advantage opportunities identified within the industry.
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Competitive Analysis

You want your business plan to tell you how your company compares to others in the industry. It is difficult to predict how your company's product or service will perform in the marketplace without knowing what your competitors are doing. A competitive analysis section draws upon the research you did before you began to write your business plan to offer the data and analysis to support your performance assumptions.

Writing an effective competitive analysis can be accomplished in five steps. Keep in mind that the data you will need about your competitors should have been gathered

earlier when you conducted the industry analysis prior to starting work on creation of your business plan.

- Step 1: Identify and list your competitors. You can do this in paragraph format or in a spreadsheet. You should include the name and location of each competitor along with the products they offer, sales volume, market share, pricing information, marketing strategy and other details their business.
- Step 2: List your competitors' strengths and weaknesses.
- Step 3: Analyze the strengths and weaknesses of your company. Focus on how your company can exploit its strengths while overcoming or minimizing identifiable weaknesses.
- Step 4: Describe your company's role in the marketplace. Explain how your company can compete for a share of the market given the information you acquired about your competitors. This is where you support marketing decisions and strategies with the data you previously gathered through your marketing research, product feature comparison, competitive analysis and industry analysis.
- Step 5: Give a detailed description of your company. Use this opportunity to describe how ownership, management, location, business structure and other resources possessed by your company will give it the opportunity to succeed in the marketplace.



Market Analysis

You should use this section of your business plan to describe the market into which

you intend to introduce your company's products or services. This is where you draw from the data you collected earlier when you did your preliminary market analysis before getting to work on preparing your company's plan.

Ideally, a market analysis should offer an overview of the marketplace, the positions held by your competitors and other facts to support your company's strategies pertaining to marketing, production and distribution.

Some of the key topics that should be addressed in this section include:

- A description of the industry and the market. This should include information about projected growth, potential changes in consumer demand and anticipated trends or cycles that could affect product performance.
 - Describe your customers. Describe the customer need that the product or service satisfies. Provide demographics about your customers and show how the product your company offers falls within those demographics.
 - How big is the market? If your market research shows that the market has been shrinking, a decision to enter or continue in the market should be supported by research supporting a prediction for future growth.
 - Describe and explain pricing structures of your company and its competitors. Describe how your marketing and pricing will give your company an advantage in the market, or describe what changes must be made to give your company an edge.
 - The data collected in the competitive analysis can be incorporated into the market analysis to show how your company will compete with other companies offering the same or similar products or services.
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Marketing Plan

The purpose of a company's marketing plan is to attract customers willing to purchase a particular product or product line. Creating a market for the product or service your company offers began with the business environment analysis and continues through the development of a marketing strategy. A marketing strategy must be flexible and should be evaluated periodically to determine if it must be reworked due to changes in the marketplace.

Marketing plans frequently include strategies for four stages.

- Penetration strategies represent the company's plans for its initial entry into the market.
- Growth strategy builds upon the success of a product by introducing it to different users or into new markets.
- Another strategy analyzes new or alternative methods of distribution of a company's product to increase sales such as hiring of sales people or developing new retail outlets.
- The fourth strategy controls the communications process between the company and its customers. Methods of advertising and audiences to be targeted are just two of the issues that a communications strategy should address.

The strategies created by a company under its marketing plan are affected by or have an effect upon other aspects of the business plan. For instance, a decision by a

business to expand into new markets by acquiring a company already selling in the new market might be hampered by a lack of capital to complete the transaction, or it might force the company to seek additional capital by adding investors or borrowing money.



Operations Plan

The operations plan is closely tied to the team and management plan section of a business plan. An operations plan is the engine that runs the machine you call a business. Without an operations plan, nothing else in your business plan will get done. The operations section of a business plan created to obtain bank financing or for some other external purpose does not require the details that must go into a plan that will guide ownership and management in running the business.

This section should be crammed with details and instructions to direct people within the organization in the day-to-day operations of the business. The personnel covered in the team and management plan section of a business plan should be able to refer to the operations plan for guidance in carrying out the strategies and tasks needed to run the business.

An effective way of including an operations plan when writing a business plan is to combine it into a single section entitled “Operations and Management Plan.” Writing the section begins with the creation of an organization chart showing the title, duties

and responsibilities and supervisory role of each member of the business.



Team and Management Plan

The people who make up your ownership and management team are the focus of the team and management portion of a business plan for entrepreneurs. Whether intended for internal or external use, readers of this section of a business plan should have a clear understanding of who is in charge. The length and complexity of this section will depend upon the size of the company. The business plan written by a sole proprietor will be much shorter than one prepared for a corporation with multiple management teams, a board of directors and multiple locations.

Included in the team and management section is a list of owners and key management personnel along with a description of the role each plays in running the organization, the compensation and benefits each one receives, and the criteria used for giving promotions and increasing compensation. Brief biographical information for each of the owners, key personnel and members of the board of directors offers readers insight into the qualifications each person brings to the organization.

Other information about the company that should be included in this section includes:

- **Business structure**
- **Length of time business has existed**

- **Mission statement and values**
 - **Background and history of the company**
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Financial Projections

This section of the business plan provides readers with a picture of where your company has been and where it is going from the point of view of its finances. Established companies should include financial data of past performance. Banks, venture capitalists and other lenders usually want at least three years of financial data, but some might want to see up to five years of information.

Financial data that should be included in the plan include income and cash flow statements and balance sheets. Some lenders might ask for the inclusion of accounts receivable statements, accounts payable statements and documentation of other debt obligations of the company.

Regardless of how long a company has been in existence, this section must include projections of future financial picture of the company. These projections must be supported by data the company has compiled through its research and analysis of the industry, competitors, markets and products.

Financial forecasts should include the following documents:

- Statements of projected income
- Balance sheets
- Cash flow statements
- Capital expenditure budgets

Assumptions that a company makes about future market trends or other factors that could influence the financial projections it has made should be explained. People outside of a company want to see that financial projections contained in a business plan are supported by accurate data or by an analysis based on assumptions having an historical basis for them.

Financial projections can be supported by graphs, charts, credit history, order history, reference letters or anything that a business believes will lend credibility and support the predictions made in the plan. Such items might work best if they are included in the appendix section of the plan.

Appendix

The information supporting projections, strategies and assumptions made in a business plan will be found within the body of each section of it. An appendix usually contains financial information to which company owners and managers might want to limit access. For example, a company that prepares a plan in specifically to obtain lender financing could use the appendix to submit tax returns, credit histories and confidential data such as customer information only to those lenders requesting it. It can also be used for supporting reports, photographs and other information that takes up more than a couple of pages.

An appendix should begin with a table of contents corresponding to the organization of the sections of the business plan. Even if it only contains information pertaining to some but not all sections of the plan, the appendix should always be located after the

last section of the plan.

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Business Plan Examples

[Bplans.com – Sample Business Plans](#)

[Score.org – Plan Template Gallery](#)

[BusinessPlans.org – Samples and Templates](#)

[BusinessBalls.com Free Plans and Templates](#)

[BusinessPlanArchive.org – World Archive of Successful and Failed Plans](#)

Business Plan Writing Books – (Links to WorldCat.org)

[How to Write a Business Plan](#)

[Financial Time Essential Guide to Writing a Business Plan – How to Win Backing to Start up or Grow Your Own Business](#)

[Your First Business Plan A Simple Question and Answer Format Designed to Help You Write Your Own Plan](#)

[Complete Book of Business Plans Simple Steps to Writing a Powerful Business Plan](#)

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[HBS.edu – Entrepreneurship Resources](#)

[Entrepreneur.com – B Plans](#)

[SBDCNET.org – Small Business Plans](#)

[INC.com – Business Plans](#)

[SequoiaCapital – Writing a Plan](#)

[SBA.gov – Tools for Starting a Business](#)

[Business.USA.gov – Start a Business](#)

[StartupConnection.net – The Business Plan Disconnect](#)

Article References on How to Write a Business Plan:

- William A Sahlman. How to Write a Great Business Plan. Harvard Business Press Books 2008. ISBN-1422121429
- Bruce R. Barringer. Preparing Effective Business Plans: An Entrepreneurial Approach. Prentice Hall 2008. ISBN-0132318326
- <http://www.hbs.edu/entrepreneurship/resources/businessplan.html>
- http://www.gsb.stanford.edu/ces/resources/business_plans.html
- http://www.sbtcd.org/pdf/industry_analysis.pdf
- <http://www.quickmba.com/strategy/porter.shtml>
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- <http://www.entrepreneur.com/article/78002>
- <http://www.sba.gov/writing-business-plan>
- <http://www.sba.gov/content/company-description>
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