

What to include in your business plan

A successful business is one that's built around a solid business plan. It's the architecture you base your business on, and a tool that's always in use to make sure you're on track.

A business plan is also something that you'll be required to share with your bank. For them to lend you money, they're going to want to see that you have a clear vision, goals and objectives.

Strategy – the heart of your business plan

Before you begin to write your business plan, make sure you have a clear business strategy in place. In other words, what do you hope to achieve? What are your goals? What's the purpose of your business?

Everything contained in your business plan will revolve around and support your business strategy. Once this is clear, begin your business plan with the following:

- Outline your business's purpose and its goals – set the tone for the business plan that follows.
- A brief overview – describing how your business solves a unique need in the marketplace. Investors look here first, making it crucial to capture their attention so they'll continue reading.

These two elements set the stage for the remainder of your business plan.

The nuts and bolts

This is where we get into the basic, fundamental aspects of your business plan. Outline what your business does, and detail how you're planning to achieve your goals and objectives.

Your business plan must be easy to follow and engaging to read. When it comes to presenting it to your bank, it should grab their interest straightaway.

While all business plans differ depending on the nature of the business and their objectives, there are some basic sections that you should include.

An overview of your business

Aim to describe your business in detail in this section. It's important to include your:

- Business structure – is your business set up as a sole proprietorship, a partnership, or a limited liability company?
- Location – describe where your business is located, and any strategic advantage its location offers.

Your products and services

Provide details about your products or services. Explain how they're different or superior to your potential competitors' products or services, and the benefits they offer. You should also include details like:

- How products and services are developed or sourced – will you manufacture products in-house or outsource? How will you source raw materials?
- Pricing – what policy will you use to price your goods or services? What type of profit margins will you have?
- Price sensitivity – explain how price sensitive your offerings are. Identify where you'll make your profits and describe your ability to increase margins.
- Delivery – how are your products and services ultimately delivered to consumers? For example, what are your planned distribution channels? What sales methods will you use? Will you accept and provide orders online?

Your marketing strategy

Not only is your bank going to want to know that you've got a strategy to effectively market your business, but it's something that you should continually refer to. Try to always be thinking about ways to market your business.

It's important to do your due diligence here, and make sure this section covers:

- Market analysis and demographics – provide an outline of your analysis, including your target customer. Include your market research, showing how you're targeting the right customers.
- Competitive advantage – what do you do better than anyone else? How is your business different from your competition? It's a smart idea to include a SWOT analysis here. How do you plan to get the message across to potential customers?
- Advertising strategy – detail your advertising plans and how they'll attract more customers and additional sales.
- Competitors – what are their market positions? How is it relative to where you see your position? Do you have rivals with physical locations or online websites? What advantages do they have in the marketplace?
- Market forecasts and future plans – outline any developing trends and opportunities, along with forecasts and future plans.

Your financial plan

Your bank is going to be interested in all the components of your business plan, but this is the section they'll focus on the most. It should explain how your business will generate revenue.

Detail your start-up costs and describe key assumptions behind your financial projections. It's important to include:

- A break-even analysis – you'll have to be able to show that your business can break even, and when this will happen.
- A cash flow forecast – try to be as accurate as you can when assessing your expected types of cash-in and cash-out. Making assumptions isn't recommended – you're just diluting how effective your forecast will be.

Once your business plan is written, keep it close at hand. Review it regularly so you know you're staying on target with your goals. Update it when necessary.

Be careful not to make the mistake of ignoring it once your business is through its start-up phase. Revising and updating your plan will keep it relevant – and make it a roadmap for your business.