7 Steps to Writing a Basic Business Plan


✓ You have an idea or a product that everyone says “You should start a business and sell your product”. “You can be your own boss and make money” or “This is great! People really need this”.

✓ So now you need to do a business plan.

✓ Yes, you can write this yourself.

✓ After all who knows you and your idea better than you!

Below are the basic steps to writing a good business plan that you can present to others that will give them the basic concept about your business idea, why it is a great idea, why you can do it, how you will sell it, and how you plan to finance it.

This will only be a basic plan, but it will give you the ability to present your idea in a professional manner. After you establish interest from a bank or investor, they will tell you what they need from you to close the deal.

Let’s get started!

STEP 1 – The Business Plan Outline

The first thing to do is create an outline for your plan. The outline should cover the main topics or points that will be important to the people that will read your plan. Some basic headings should be; (complete business plan outline listed below)

1. Executive Summary
2. Business Description and Vision
3. Definition of the Market
4. Description of the Products and Services
5. Organization and Management
6. Marketing and Sales Strategy
7. Financial Management
8. Conclusion
STEP 2 – Write The Plan
Using the headings in your outline, start writing your plan one heading at a time. Use your own words. It is you that is selling the idea. You will have someone read it later to see how well it reads. Research, Research! Yes I said it! You will have to some research to fully develop your plan. Use the internet to do this research. If you don’t know how ask someone to help you. I bet some of you can ask your children or friends to help you with this. This is very important.

Below I have listed the headings and the basic things that will need to be written about under each heading.

1.0 Executive Summary
✓ This section should:
  • Only be about 2 pages in length
  • The last section to be written
  • A good overview of your company, who you are, your products and services, the target market and any other general information.

After reading this section the reader should:
✓ Want to learn more about your business...continue reading the plan
✓ Have a good understanding about your business and how you intend to operate.

2.0 Business Description and Vision
✓ This section should include:
  • The overall mission of the business. (Mission Statement)
  • Your company vision. How you see the company growing.
  • The Business goals and objectives. What you plan to accomplish.
  • How the business got started
  • List of key people that will help you manage your company

After reading this section the reader should:
✓ Have a solid understanding about the mission of the business.
✓ Your view about how the company will grow
✓ The goals and objectives of the company
✓ The information about the people that will help you be successful
Vision / Mission Statement

- What is your vision? What is your product or service idea? Keep it simple. You might come back to this later to add more content.

Business Profile

- What type of legal business structure do you plan on using? A Sole-proprietorship, an LLC or a corporation. Is it going to be a retail business where people come to you to buy your product or service (i.e. store, restaurant, cleaners, etc) or will you take your product or service to the customer? (Lawn care, handyman, house painter, etc.).

Business Objectives

- What will be the objective of your business? For example if you are starting a restaurant, what will be the main reason people will come to you. The best wings, great food at a good price, a place where I can bring my family.

3.0 Definition of the Market

This section should:

- Describe the market or industry your business is in and the overall future outlook.
- Describe the need for your products and services in this market
- Describe the target market that you will sell your products and services to.
- Give a good profile of your target customer. (i.e. age, sex, income, etc)
- Describe what share of the market you have or intend to get.

After reading this section the reader should know:

- Basic information about the market or industry your business will operate in
- Why your products and services are needed and utilized
- What is the target market that you will sell your products and services and what the idea customer looks like.
- What part of the market you are going for
4.0 Description of Products and Services

This section should:

- Give a detailed description of your top 3 products and services, with summary information on any of them Parham was in a car is lower the Lea in SAP not yet Marc and Alyson the letter of the ark the additional products and services.
- Describe how your products will compete with other products of the same type.
- You may add a product photo or other graphic.

After reviewing this section the reader should know:

- Detailed information on your top products and an understanding of any other products
- How much are your products and how will you deliver them.
- How your products compete with other products

5.0 Organization and Management

This section should:

- Provide a good description of how your company is organized to run successfully. (i.e. organizational chart, workflow diagrams, etc)
- Describe the legal structure of your business (proprietorship, partnership, corporation, etc.).
- List any necessary or special licenses and/or permits your business operates with as well as any business certifications (i.e. MBE, 8(a), Women Owned, etc)
- Provide a brief bio description of key managers within the company.

After reviewing this section the reader should know:

- How your company is organized to run successfully.
- The legal form of ownership for your business.
- Who are the key people you will rely on to run the business
- The general flow of operations within the company

Organizational Structure

- What type of legal business structure do you plan on using? A Sole-proprietorship, an LLC or a corporation.
- Is it going to be a retail business where people come to you to buy your product or service (i.e. store, restaurant, cleaners, etc) or will you take your product or service to the customer? (Lawn care, handyman, house painter, etc.).
Management Team
Why can you be successful in this particular business?

- What is your or your key person’s background and experience in this area of business?
- Using the home painting business as an example, maybe you have been working painting homes for other companies for 15 years and you learned from your grandfather who has been doing it all of his life.
- Who will do the bookkeeping, ordering of supplies, and invoicing.
- This might be you, but you will need to show that you are aware that this is important and someone will be doing it.

6.0 Marketing and Sales Strategy
This section should:

- Describe your market, your customers, and why they want to buy your products and services.
- Describe how you will sell your products and deliver to your customer.
- Explain your sales strategy, specific to pricing, promotion, products and place (4Ps).

After reviewing this section the reader should know:

- What your market is and how you plan to reach it.
- How your company will use pricing, promotion, product difference to sell your products and services competitively.

Marketing Plan
- How will you market your business?
- The internet, local newspapers, flyers, coupons, etc.
- How will you get the message out?
- You might attend neighborhood meetings to announce your company.
- If you are a restaurant you might even supply the food for a neighborhood meeting.

The Competition
- You will need to do research for similar companies in your area that area.
- This will also help you create differences in how you will sell your product.
- A simple internet search will give you loads of information. For example, you want to start a take-out wings restaurant.
- Use Google or another search engine and search for “take-out wings in 30303(your zip code)”. There should be a number of returns on this search term. If not change it until you get what you want.
The Customer

- Using Google again just enter the zip code for the area you want to service and you will find a report in the return hits that contains the demographic information for this area.
- There will be different reports. Find the one that has the information you need to support your idea.
- Using the Take-out Wings restaurant, you might find that there is a college, sports stadium, or park in the area. You might also find that there are a lot of young people that live in the area and we know who eats a lot of wings....

7.0 Financial Management

This section should include:

- For a New Business
  - Estimate of start-up costs.
  - Projected balance sheet (1 year forward).
  - Projected income statement (1 year forward).
  - Projected cash flow statement (12 months forward).

- For an Existing Business
  - Balance sheets (last 3 years).
  - Income statements (last 3 years).
  - Cash flow statement (12 months).
  - If Applying for a Loan (in addition to the above)
    - Current personal financial statement on each principal.
    - Federal tax return for prior year.

After reviewing this section the reader should:

- Have a good understanding about the financial capacity of your company and what your cash flow projections are for growth.

Financial Plan

- What will it cost to start and run your business for at least the next two years.
- There will be fixed cost or cost that will pretty much stay the same (i.e. rent, utilities, equipment, insurance, etc).
- There also will be variable cost that will change as your business changes.
- For example if you are starting a home painting business you might create a cost sheet for how much it will cost to paint a average 3 bedroom house. (i.e. paint, labor, supplies).
8.0 Conclusion

- This is where you summarize your idea again and stress your confidence in your ability to be successful.
- You should also thank your reader and give them a way to contact you if they have any more questions.

STEP 3 – Review the Plan
Use spell check and other tools to help correct the basic errors in your plan. Remember they will not catch everything. You must read it yourself and have other read it as well. Don’t get all sensitive if they come back with changes and corrections. You would rather have them find them then your potential investor or bank.

STEP 4 – Finalize the Plan
After you have received all the comments and changes start the final draft of your plan. You don’t have to make all the changes that people recommended. Only the ones that work for you. Provided they are not spelling or misuse of word errors.

STEP 5 – Review the Finalized Plan
Refer to Step 3. Need I say more?

STEP 6 – Create the Cover Letter
You will need to create a cover letter to send along with the plan when you have someone look at it for possible investment. Just the basics. Introduce yourself and explain about the plan and why you are presenting it. Remember thank them for reviewing it and give them a way to contact you if you have any questions.

STEP 7 – Get Ready To Go Into Business!
Now that you have a plan you can really start putting things together to start your business. You might have found by doing your plan that there are some areas that need more work. So do it and get your business going.
BUSINESS PLAN OUTLINE

1. Executive Summary
   a. Business Objectives
   b. Vision/Mission Statement
2. Business Description and Vision
   a. Business Profile
   b. Vision/Mission Statement
   c. Business Objectives
3. Definition of the Market
   a. Industry Description
   b. Competition Analysis
   c. Target Market
4. Description of the Products and Services
   a. Products and Services
   b. Competitive Advantage
5. Organization and Management
   a. Organization Structure
   b. Organizational Management
   c. Organizational Accreditations/Licenses
6. Marketing and Sales Strategy
   a. Market Description
   b. Product Distribution
   c. Sales Strategy
7. Financial Management
   a. Startup Requirements
   b. Startup Budget
   c. Projected Cash Flow Statement (12 Month)
8. Conclusion

Author Bio - Marc Parham

Marc Parham has been successfully consulting for all types of businesses for over 20 years. He has consulted for small to mid-sized business, large corporations, and non-profit organizations in all areas of business development. He has certifications in Project management, Network Engineering, Non-profit Management and other areas of business development.

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