



Essential Elements of a Good Business Plan For Growing Companies

Strategic Planning

Too many people think strategic planning is something meant only for big businesses, but it is equally applicable to small businesses. Strategic planning is matching the strengths of your business to available opportunities. To do this effectively, you need to collect, screen, and analyze information about the business environment. You also need to have a clear understanding of your business - its strengths and weaknesses - and develop a clear mission, goals, and objectives. Acquiring this understanding often involves more work than expected. You must realistically assess the business you are convinced you know well.

Write a Business Plan

Whether you need a loan to expand your business, purchase equipment, hire employees, or just figure out where your business is going, you need a business plan. A business plan should be a work-in-progress. In order to help you with this process, we have developed an outline of the essential elements of a good business plan.

Every successful business plan should include something about each of the following areas, since these are what make up the essentials of a good business plan:

- Executive Summary
- Market Analysis
- Company Description
- Organization & Management
- Marketing & Sales Management
- Service or Product Line
- Funding Request
- Financials
- Appendix

Part 1: The Executive Summary

The executive summary is the most important section of your business plan. It provides a concise overview of the entire plan along with a history of your company. This section tells your reader where your company is and where you want to take it. It's the first thing your readers see; therefore it is the thing that will either grab their interest and make them want to keep reading or make them want to put it down and forget about it. More than anything else, this section is important because it tells the reader why you think your business idea will be successful.

The executive summary should be the last section you write. After you've worked out all the details of your plan, you'll be in a better position to summarize it - and it should be a summary (i.e., no more than 4 pages).

Part 2: Market Analysis

The market analysis section should illustrate your knowledge about the particular industry your business is in. It should also present general highlights and conclusions of any marketing research data you have collected; however, the specific details of your marketing research studies should be moved to the appendix section of your business plan.



Part 3: Company Description

Without going into detail, this section should include a high level look at how all of the different elements of your business fit together. The company description section should include information about the nature of your business as well as list the primary factors that you believe will make your business a success.

When defining the nature of your business (or why you're in business), be sure to list the marketplace needs that you are trying to satisfy; include the ways in which you plan to satisfy these needs using your products or services. Finally, list the specific individuals and/or organizations that you have identified as having these needs.

Primary success factors might include a superior ability to satisfy your customers' needs, highly efficient methods of delivering your product or service, outstanding personnel, or a key location. Each of these would give your business a competitive advantage.

Part 4: Organization & Management

This section should include: your company's organizational structure, details about the ownership of your company, profiles of your management team, and the qualifications of your board of directors.

Part 5: Marketing and Sales Strategies

Marketing is the process of creating customers, and customers are the lifeblood of your business. In this section, the first thing you want to do is define your marketing strategy. There is no single way to approach a marketing strategy; your strategy should be part of an ongoing self-evaluation process and unique to your company. However, there are steps you can follow which will help you think through the strategy you would like to use.

Part 6: Service or Product Line

What are you selling? In this section, describe your service or product, emphasizing the benefits to potential and current customers. For example, don't tell your readers which 89 foods you carry in your "Gourmet to Go" shop. Tell them why busy, two-career couples will prefer shopping in a service-oriented store that records clients' food preferences and caters even the smallest parties on short notice.

Part 7: Funding Request

In this section, you will request the amount of funding you will need to start or expand your business. If necessary, you can include different funding scenarios, such as a best and worst case scenarios, but remember that later, in the financial section, you must be able to back up these requests and scenarios with corresponding financial statements.

Part 8: Financials

The financials should be developed after you've analyzed the market and set clear objectives. That's when you can allocate resources efficiently. This will include various historical and prospective critical financial statements to be included in your business plan packet.

Part 9: The Appendix

The appendix section should be provided to readers on an as-needed basis. In other words, it should not be included with the main body of your business plan. Your plan is your communication tool; as such, it will be seen by a lot of people. Some of the information in the business section you will not want everyone to see, but,



specific individuals (such as creditors) may want access to this information in order to make lending decisions. Therefore, it is important to have the appendix within easy reach.

The appendix would include:

- Credit history (personal & business)
- Resumes of key managers
- Product pictures
- Letters of reference
- Details of market studies
- Relevant magazine articles or book references
- Licenses, permits, or patents
- Legal documents
- Copies of leases
- Building permits
- Contracts
- List of business consultants, including attorney and accountant

Any copies of your business plan should be controlled; keep a distribution record. This will allow you to update and maintain your business plan on an as-needed basis. Remember, too, that you should include a private placement disclaimer with your business plan if you plan to use it to raise capital.