HOW TO PUT TOGETHER A WINNING BUSINESS PLAN

This free how-to for creating a quality business plan was researched and created by Northcentral University with you in mind. There are, of course, a number of books on the market which can aid you in providing the level of detail suggested below. But it was our intention to provide a tool that will equip you with a solid overview. Let it serve as a checklist as you move forward with your business plan.

1 – EXECUTIVE SUMMARY

The executive summary should contain:

☐ Mission statement – the objective and values of the company

☐ Company history – the development of the company and/or how long it has existed. Other items can include the location, the number of partners, whether the company is incorporated, its form of incorporation, and, if there are employees, how many. If a startup company, then this section should focus on the professional achievements of its leadership.

☐ Growth highlights – if not a startup, the ways in which the company has grown since its founding.

☐ Nature of the product or service – discuss the market for the product or service and what need, want or problem it solves for the consumer or another business.

☐ Financial information – include information about current banking institutions, existing investors, and financial statements such as assets, liabilities and cash flow.

☐ Future plans – include the long-term vision of the company such as how the product or service line might expand or deepen.

2 – COMPANY DESCRIPTION

The company description should contain:

☐ The nature of the industry – include who the primary competitors are.

☐ The nature of the proposed business – include the product benefits.

☐ The identified need of consumers – to show that there will be demand for the business or products.

☐ The identified consumer – include any known demographics.

☐ The competitive advantages of the company and its product – include such things as location, expertise, operations efficiencies, or other ways the offering is superior to that of competitors.
3 – MARKET ANALYSIS

The market analysis section should contain:

- **Projections for the industry** – include who the primary customer is or will be.
- **The nature of the target market** – be mindful not to narrow your description to the actual likely customer, though many entrepreneurs make the mistake of too large a target.
- **The size of the likely target market** – include the rationale for this conclusion.
- **Likely share to be gained in the market** – by the product or service.
- **Pricing and gross margin expectations** – include rationale for the strategy on this point.
- **Analysis of the competition** – include any that might already be in the market. This should include any research and development news for the industry.
- **Any regulatory restrictions** – include any that the product or service might face, now or in the future.

4 – ORGANIZATION AND MANAGEMENT

This section should contain:

- **Company’s organizational structure** – if the company consists of more than a couple of owners an organizational chart is recommended.
- **Particulars for the company’s key personnel** – include full names, management profiles with education, percentage of ownership, pertinent experience, compensation basis and levels, etc.
- **Highlight how the skill sets of personnel/owners complement one another** – preferably without too much overlap or redundancy in areas of expertise.
- **Provide details on the makeup of the Board of Directors** – include any significant particulars as to their areas of expertise and their areas of input toward the company’s success.

5 – PRODUCT OR SERVICE DETAILS

This section of the business plan should describe:

- **The nature of your product or service** – include photographs of prototypes or product design schematics.
- **The benefits of your product or service** – include a brief but complete exploration
- **The lifecycle of your product offering** – i.e. how long it might last under normal usage
- **Any exclusivity associated with the offering** – e.g. copyrights, patents, patents pending, or whether the product might be classified as a trade secret.
- **Any legal agreements associated with the offering** – if existing, especially if there are any potential competitors who have previously signed non-compete agreements.
- **Any research and development plans** – include any that are in the works for improving this product or for additional products on the drawing board.
6 – FINANCIAL PROJECTIONS

According to Inc. Magazine, the following elements make up a solid core for the financial section of a great business plan:

- **Provide a sales forecast for your product or service** – include three years’ worth of projections, monthly for the first year but quarterly for the balance.

- **Create an expenses budget** – like the sales forecast, this is not an exercise in accounting, but an educated estimate based on simple assumptions.

- **Project a cash flow statement** – include projected cash on hand you will need out to 12 months.

- **Standard profit and loss statement** – include a forecast of the expected performance of over the company’s first three years.

- **Break-even analysis** – include a call out to the reader of the estimated point in the first three years of the business when expenses will match sales or service volume.

Also, due to its importance, the SBA recommends that this section be reviewed and confirmed as reasonable and accurate by an accounting professional.

7 – FUNDING REQUEST (OPTIONAL)

This section of your business plan would contain:

- **Request the amount of funding sought** – include the amount desired now and over the next five years, and place it up front.

- **Be sure to spell out the nature of the funds request** – that is, whether as equity (participation in profit or owner’s stake) or as debt (a loan).

- **Reveal how much of the company’s leadership/owners own money will be invested** – do so to show the level of confidence the leadership has in the idea.

- **Explain how the money will be used** – do so in general; no itemization necessary.

- **Explain how the money will benefit the business** – include how it will help to launch and/or grow the business.

- **Identify when and how the money will be reimbursed to the investor/lender** – do so with approximates and without promising anything.

REFERENCES

https://www.sba.gov/writing-business-plan
http://www.entrepreneur.com/landing/224842
http://businessplanmentor.com/how-to-write-a-business-plan/
http://www.bplans.com/sample_business_plans.php

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