

## Writing a Business Plan

*source: Department of Business Assistance*

### Introduction: A Recipe for Success

Do you want your business to succeed?

Studies show that small business owners who complete a business plan before starting their businesses are much more likely to succeed than small business owners who do not.

How does a business plan help small business owners succeed?

1) It helps you by providing direction for your business.

It answers the following questions:

What kind-of business are you starting?

What are your goals?

How will you reach your goals?

Who are your customers?

Who is the competition?

Where should you locate your business?

How will you finance your business?

How will people find out about your business?

2) It helps you by providing information to other people who could help you succeed, such as investors, banks, potential partners, and future employees.

Preparing a Business Plan takes time and effort, but, in the long run, it will save you time and effort. It will help you find out:

Can your business make money?

Do you have the time, energy and resources to make your business work?

How quickly will your business grow and how much will the growth cost?

What are the benchmarks that will show how your business's planned growth compares to its actual growth?

If you decide the business can succeed and you can make it work, the Business Plan will serve as your guide throughout the entire start-up process and as a reference for the entire life of your venture. Its importance cannot be overemphasized.

The business plan is a continuous process, not a document that is done once and then put away on a shelf. It should be updated every quarter, or at the minimum annually, to compare the actual figures that have transpired with the projections that were initially included in the plan. Comparing your budget with what has actually happened will help keep a company "on track" and prevent future surprises.

If you really want to be in business for yourself, if you are willing to invest the time and effort required to be successful, if you want to have a map to follow on the exciting road of entrepreneurship, continue reading.

# Elements of the Business Plan

The Business Plan consists of:

## 1) Cover Page

The cover page consists of your name, address, phone number, e-mail address, and web site.

## 2) Table of Contents

## 3) Executive Summary

The Executive Summary contains a summary of the other sections of the Business Plan. It is the most important section, as it is the first (and sometimes only) part of the Plan that some interested parties may read. You will prepare this section last, after completing the other parts of the Business Plan.

## 4) Background Information

This section includes:

- a) Your personal background and qualifications to run the business;
- b) A mission statement for your business;
- c) Background information on the type of industry into which your business fits, and its place within that industry; and
- d) Your business' goals and objectives.

## 5) Description of Products and/or Services

This section includes a description of the product(s) and/or service(s) you are selling. The description should include the price of each product or service, and the cost to your business to produce each product or service.

## 6) Organizational Matters

This section tells how your business will be managed and organized. Questions answered will include: Is the business a sole proprietorship, partnership, corporation or limited liability company? Who will manage the business? Will the business have employees? Who will be its advisors?

## 7) Marketing Plan

The Marketing Plan includes information on your customers and competitors. Based on this information, you will decide where to locate your business and how to promote its product or service.

## 8) Financial Plan

The Financial Plan will provide information about your resources for running the business and your projections for profits. It is the longest and, many would claim, the most important part of the Business Plan. Based on the Financial Plan, you should be able to determine if your business will be profitable, and hence, if it will be worth your effort to start it.

## 9) Conclusion (optional)

The Conclusion presents a summary of why your business will be successful, using data gained in the other sections to support your claim. It may also present how much money is required for the business, where the money will come from and where it will be used.

## 10) Appendix (optional)

The Appendix contains any supporting materials, such as your personal resume or a record of any relevant training or education.

***Ready to get started? Contact the Martinsville-Henry County EDC's Office of Small & Minority Business Development for assistance!***