

How to Write a Business Plan

Whether you are writing a business plan for a new business opportunity or for an existing business, the principles are basically the same. It involves taking a hard-nosed and honest look at the business. Using the knowledge of research or past experience, the plan should set targets and objectives. It should involve building sustainable strategies - working through ideas and the implications so they are not just introduced on a whim. It should provide the benchmarks against which to review progress and measure success or failure.

It does involve taking the time out to do it, but if you're serious about the success of your business, then you must make the time. While the plan should essentially be the product of the owner/manager to ensure ownership and commitment, it would be wise to enlist some help to complete it in a reasonable timeframe.

Here are some guidelines on how to write the plan:

Be clear on who you are writing the plan for

The way you write your plan will depend on who is ultimately going to read it. Should the emphasis be placed on 'selling' the plan to investors or is it just an internal strategic plan for the management team?

Choose a format

Equally important is selecting a format to use, which both suits the purpose and is practical for you. You may consider a software package, which has the advantage of being interactive and updateable for future use. Make sure the template is adequate for your needs (See Business Plan Software and Business Plan Template)

Set a timetable

Set out target dates for completion in sections and allow enough time to review and produce revised drafts of the plan – at least five drafts would not be unusual. But do not extend the dates over too long a period (ideally limit to two months for a complex plan, less for smaller plans) otherwise you may be forever incorporating changes and never get the plan finished!

Presentation

Keep the written part of the business plan as concise and brief as possible – it's the quality of the content that counts, not the length. Start each section on a new page. Number and date the pages. The plan should be neatly presented, with no grammar and spelling errors, clearly laid out in an easy to read format – use short paragraphs, plenty of headings and bullet points. Write in layman's terms, in the third person and avoid any personal viewpoints

Be realistic

Everyone thinks their business will grow exponentially but in reality this is rarely the case. Avoid being over-optimistic with your figures - your business plan must show a realistic path to profitability with adequate marketing support and a sound operational and personnel infrastructure.

Essential Content

- Cover page & Table of Contents
- Executive Summary – One page summary of key points
- Sections - Introduction, Mission Statement, Marketing, Personnel, Operations, Finance & Risk Assessment
- Financial Projections – 3 year Sales Forecast, P&L and Cash Flow Forecast , Balance Sheet (possibly)
- Appendices - CVs, charts, drawings, evidence, etc, numbered and referenced from the text in the plan.

Get someone to check it

You need to produce financial projections that accountants will endorse without question, so it is advisable to get an accountant to check your figures. If an investor finds a flaw they may start to doubt the integrity of the whole plan. It would also be wise to get an outside advisor or business colleague to review the plan.

Make sure you understand it

As it will be you who will have to answer any questions from your lender or investors, you need to understand everything that is written in your plan. Having someone else write your plan may save you a headache, but you might be caught out under scrutiny if you don't fully understand it.