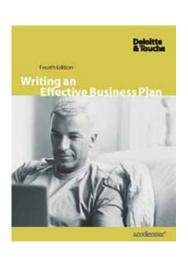
Writing an Effective Business Plan

From the Growth Company Services Guidebook Series

No longer read only by insiders and traditional lenders, business plans today must do more than demonstrate a company's competence. Today's plans must withstand stiff competition to attract funding, recruit key executives and establish other important relationships.

Despite the enormous impact that a well-developed business plan has on a company, many plans do not represent a company and its vision adequately. Some executives simplify the process by using interactive software to create boilerplate plans. Others hire professional consultants. These options may not convey your company's drive and determination to succeed as convincingly as a dedicated member of your management team would.

Writing a plan does not need to be difficult, but it must be managed as carefully as other important business projects. Likely users must be identified, accurate and convincing information must be gathered and the plan must be outlined before it is written. Key sections of the business plan include:



Executive Summary

A concise version of the business plan, the executive summary covers all key points. Outside parties typically review the executive summary first to determine if your company is a potential candidate. As the most important part of your business plan, this section should be prepared last.

Company Description

This first full section of your plan covers the company's mission, history, current status, strategies and plans for the future.

Management and Organization

Many potential investors consider the management team to be the most important predictor of a successful business. This section describes members, their backgrounds and any need for additional key people. Outside advisors and consultants should also be discussed.

The Market and Competitors

The company's market, the industry, current and potential buyers and competitors are defined in this section. The plan should explain key market factors in terms of how buying decisions are made, how the market is segmented, what market position you plan, what defensive strategy you envision to fend off competitors.

The Product or Service

Features, components and quality of products or services are described in detail here. Research and development to be completed should be addressed, how the product will be produced and cost, quality control, after-sale service and key regulatory considerations.

Marketing and Sales

The business plan must describe the company's selling methods (such as direct sales or mail order), sales staff training, how support is provided. The expense of business development requires that the plan present the most cost-effective options. Your marketing plan should discuss the results of market research and the value proposition of your product or service. Effective marketing, often through advertising and public relations, must also be described.

Financial Information

The most important elements of this section are the financial forecasts. The balance sheets and statements of cash flow and income must be consistent with the company's past performance trends and data presented in other sections of the plan. Plans used to solicit financial backing should include a funding request that states how much money is needed, why and how it will be used. Finally, you need to consider likely payback for investors and an exit strategy.

When all sections are complete, the plan is ready for final rewriting and presentation. Extensive editing is highly

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recommended, along with careful attention to presentation details. The plan should reflect preferences and concerns of its readers, including insiders using the plan to guide the company. Periodic revisions of your business plan are necessary to maximize its utility as a tool for management and investors.

The attached guidebook takes the intimidation out of the business plan process and highlights key issues worth consideration as you research and write your plan. A helpful list of important fundamental questions can be found at the end of many chapters. Add your own questions to be sure that your unique circumstances are addressed.

Attachments

Writing an Effective Business Plan (560 KB) From the Growth Company Services Guidebook Series

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