

Training #3 – What’s the plan?

The Basics of Making a Business Plan

In this Training Module, we will look at how to make a business plan. Having a business plan is an essential part of building your business. REDI and the Global Entrepreneurship Program are here to help you do that successfully.

Writing a business plan is essential, because, as one of the founding fathers of the United States, Benjamin Franklin said, “by failing to prepare, you are preparing to fail.” In other words, to succeed in business is like everything else in life: you need a plan. A business plan is like a road map that you use to guide your business creation and development. In addition to making your work easier by providing a clear path, a business plan is also a requirement to obtain financing: investors will want to look at your business plan before even meeting you to discuss lending to your business.

In this training module you will learn about the different types of business plans and what the steps are to writing a good business plan.

SECTIONS:

A/ What is a business plan

B/ Find the business plan you need: types of business plans

C/ Steps to write a business plan

A/ What is a business plan

A business plan describes your company and defines its objectives and how you plan to achieve them. A business plan is useful to help guide you as you start and develop your business. It gives you a roadmap to follow. It brings clarity and consistency. A good business plan is also useful to attract investors to your startup or to grow your business, if you are already established.

B/ Types of business plans

There are many types of businesses but only two broad types of business plans: traditional and alternative. The traditional business plan follows established guidelines and covers the steps we will outline in the second part of this training. An alternative plan can represent a variety of things and is always innovative.

Neither type of business plan needs to be complicated and unmanageable, as we will see in the next section. Writing a business plan should not be intimidating or lengthy. Your business plan is your vision for your business and how to achieve that vision, step by step. It’s that simple.

C/ Steps to writing a business plan

There are a variety of ways to approach what steps go into a business plan but generally eight steps are all you need. We will describe and explain each of these steps below.

1. Summary
2. Description of your company
3. Your business goals
4. Your products and/or services
5. Your market research
6. Your marketing plan
7. Financial analysis and/or projections

1. **Summary**

A summary, also known as an executive summary, is everything you want investors to know about your business: your business' mission, description and financial projections. It is a good idea to write the summary last, after you have written everything else, as it sums up all that is in your business plan. You can also think of it as an "elevator pitch".

2. **Description of your company**

In this section you will write all about your business: its name, location, people and structure. Be detailed, clear and on-point. The description should include what the operations of your business look like, what products and/or services you sell, your pricing, the lifespan of your products, and the benefits to the consumer. If you are manufacturing products, manufacturing processes should be explained in your description. If you have a patent, or proprietary technology (see glossary,) it should be detailed here too. Lastly, this section should define the structure of your company (sole proprietorship, LLC, etc. See **Training Module #1 – Follow the Rules** for more information on this).

3. **Your business goals**

This section states what you want to do with your business now and in the future.

Just starting out? State what your goals for the first year are. Transitioning to a bigger or different type of company? Explain what the changes are, how you plan to accomplish them and how a loan or investment would help you. The idea is to give a clear outlook on your company to potential investors or bankers.

4. **Description of your products and/or services**

This section details what your business will produce. You need to give details about what your products are, their pricing, who your customers are, what your supply chain will look like, how you are going to market those products, and how you are going to distribute them.

5. **Market research**

This section should cover the research you need to do into the type of business you are planning to open, in other words your competition. What makes your business stand out? How

is it better? You need to know all about your competitors and the general landscape of your business field in order to convince your investors your business is different and/or better than what is already out there.

6. Marketing plan

This section should cover your marketing plan, or how you are going to advertise your business, online or otherwise. How will people know your business exists? How will your customers find you?

7. Financial analysis and/or projections

This section should detail the financials of your business; and, if you are just starting out with a new business, this will be the smallest section of your business plan.

As you grow your business and revise your business plan, this section will include balance sheets and other financial metrics your business uses, such as income and profit and loss statements.

Last in a series of REDI's Global Entrepreneurship Program Training Modules:

1 - Follow the Rules (Business Licenses and Permits)

2 - Show Me the Money (Financial Literacy)

3 - What's the Plan? (Writing a Business Plan)