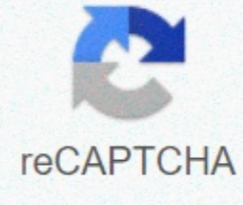




I'm not robot



[Continue](#)

## What is the main purpose of writing a business plan

November 4, 2014 4 min Read In the book, Write your business plan, Entrepreneur Media staff offers a deep understanding of what is essential to any business plan, what is appropriate for your business and what it takes to ensure success. In this edited excerpt, the authors explain how your business plan will differ depending on what you plan to use it for. Your business plan can be used for a number of things, from monitoring your company's progress toward goals to tying key employees to join your business. Deciding how you intend to use yours is an important part of preparing to write it. Do you intend to use your plan to help raise money? In that case, you will need to focus very carefully on the executive summary, management and financial and marketing aspects. You'll need to have a clearly focused view of how your company is going to make money. If you're looking for a bank loan, you'll need to emphasize your ability to generate enough cash flow for service loans. Capital investors, especially venture capitalists, need to show the way they can get their business out and generate a rate of return that they will find acceptable. Do you intend to use your plan to attract talented employees? Next, you'll want to emphasize things like stock options and other aspects of compensation, as well as location, work environment, corporate culture, and opportunities for growth and progress. If you're a high-tech startup, the best employees are likely to ask to see your plans to attract venture capital and then sell to a larger company or go public so they can realize the value of their stock options. Do you plan to show your plan to suppliers to prove you are a worthy customer? A robust business plan can convince a supplier of some precious product to favor your rivals. It can also help you organize vendor credit, one of the most useful forms of financing for a small business. You may want to emphasize your list of blue ribbon customers and the impeccable record of paying commercial debts in this plan. Do you expect to convince large customers that you will be a reliable supplier? Then you'll want to emphasize your power of permanence, innovation, and special capabilities. In this plan, unlike the targeted provider, you may want to build relationships with other large customers, especially if they are enemies of the person you are courting. Do you expect to use your plan for internal purposes only? Next, you'll want to build on many milestones, landmarks, and other tools to measure and compare your future performance with the plan. Such things may be of little interest a banker who assesses their loan value, but they could make all the difference between a useful plan and one that's not good at all to monitor corporate performance. These distinctions are not merely academic. A suitable plan for I would probably be completely wrong to take a Fortune 500 lead. In reality, the business plan consumer market is even more finely segmented than that. A plan for a bank, for example, would not achieve much by including a strategy to sell the company to a large conglomerate several years later, while a venture capitalist would seek his exit strategy very soon. Think about all this and keep that in mind when creating your plan. Along the way, you'll have to make a lot of decisions about what to include or put aside and what to stress or play. Setting some direction now on how you plan to use your plan will make those subsequent decisions faster and more accurate. Because many entrepreneurs use business plans for various purposes, you'll want to have multiple versions available. By carefully editing and rewriting certain sections with your audience in mind, you can have plans ready for different occasions. The fundraising plan will probably be more extensive and detailed than the plan to attract new employees, who may not want to read as much, but will want some answers to the question: Why should you work at your company? While the business plan is the sum of several sections, how to massage and edit those sections can help you use it for a variety of purposes. Keep in mind that once you've created a good business plan, you should use it in as many ways as possible, including self-service and guidance as you make business decisions and change. There has been more talk that companies do not need a business plan at the beginning, especially if they are not asking for money. According to Carl Schramm, author of Burn the Business Plan, many large corporations had no business plans when they started: If you look at all of our older corporations (U.S. Steel, General Electric, IBM, American Airlines) and then look at our newest companies like Amazon, Apple, Facebook, Microsoft, none of these companies had a business plan before they started. The U.S. Small Business Administration takes an intermediate approach that recognizes that not all companies need a comprehensive business plan. Instead, it suggests a simple, lean business plan for startups that highlights the basics, or that companies focus on parts of a business plan that make more sense for their business. Each part of the business plan schema below provides a brief overview of what the section covers. Although it appears first in the business plan, the executive summary is a section that is typically written last, as it is a summary of the entire business plan. It provides an overview of your business, your mission statement and details about what it offers. It is essential that your executive executive it's exceptional, especially if you're looking for funding. Provide information about the business you are starting, including the type of problem that solves your product or services and who is the most likely buyer. Provide an overview of the industry your business will be a part of, including trends, major industry players, and estimated industry sales. This business overview section should also provide a summary of your business location within the industry, along with the experience of your team or that of your team, as well as your competitive advantage. Market analysis is a crucial section of your business plan by helping you identify your best customers or customers. In market analysis, investigate the main target market of your product or service, including geographic location, demographics, the needs of your target market, and how these needs are currently met. Its purpose here is to have an in-depth knowledge of the people you are planning to sell your goods and/or services to so you can make informed predictions about how much they might buy. In the competitive analysis section, you'll learn the success of your direct and indirect competitors in the market, with an assessment of their competitive advantage and how you'll differ from them. It also includes an analysis of how you will overcome barriers to entry to your chosen market. You must also distinguish your business from competition, which is especially important in persuading potential sources of financing that you will be able to compete in the market. The sales and marketing section provides a detailed explanation of your sales strategy, pricing plan, proposed advertising and promotion activities and product or service benefits. This is where you outline your business' unique sales proposal, describe how you're going to bring your goods and/or services to market, and how you're going to persuade people to buy them. In developing your one-off proposal, your goal is to answer the question: Why should people buy me about my competition? This section describes your company's legal structure and management resources, including your internal management team, external management resources, and human resources needs. Include special experience or skills that each person in your management team brings to the business. If your business plan's goal is to get funding, it's a good idea to make sure your management plan includes an advisory board as a management resource. The operational plan provides information about how your business will run. Provides a description of your company's physical location, facilities, and equipment, types of employees, and inventory requirements, vendors, and any other applicable operational details, such as a description of the manufacturing process. Starting a business is usually making a profit, and so a strong sense of your current finances, financing needs, as well as projected revenue is important. In the financial section, provide a description of your financing requirements, detailed financial statements, and financial statement analysis. This part of the business plan is where the three main financial documents of any business are presented: balance sheet, bottom line and cash flow statement, or in the case of a new business, a cash flow projection. In addition to the sections described above, at the end of your business plan, include any additional information that helps establish the credibility of your business idea, such as marketing studies, photographs of your product, permits, intellectual property rights such as a patent, credit histories, resumes, marketing materials, and/or contracts or other legal agreements relevant to your business. There is no set order for your business plan, but, the executive summary, as an overview, should come first. Beyond that, order depends on your goals. If this plan is to help you collect information and create your business roadmap, organize it in a way that helps you achieve your goals. It can help you have all similar content together, such as all market-related material (industry summary, marketing analytics, competitive analytics, and marketing plan). If your goal is to seek funding, organize the plan with a focus on leading with the best first. If you have a stellar group of people serving on the advisory board of your new business, place that section directly after the Executive Summary. Highlighting the strengths of your new business will encourage your reader to continue reading their plan. After completing all sections, be sure to insert a title page at the beginning of the plan followed by a table of contents that lists each section with page numbers. Table of contents 1. Executive Summary.... Page 2. Business/Industry Overview..... Page 3. Market Analysis... Page 4. Competition..... Page 5. Sales and Marketing Plan... Page 6. Property and Management Plan..... Page 7. Operational Plan..... Page 8. Financial Plan..... Page 9. Appendices and Exhibitions..... Page: If the plan is just to keep you on track, create the plan in a way that helps you achieve your goals. But if you're looking for financing or investors, the business plan is a formal document, so it should look like one. Every aspect of your business plan must impress their source of potential funding. Pay attention to margins and format; make sure it's correct and grammatically sound. If you're not good at this, pay someone who is Do it. If you need hard copies, obtain them professionally printed and bound. As always, looking successful is half the battle. Battle.