

The Expert's Guide to Writing a Business Plan



The 8 Components of a Business Plan

1. Executive Summary
2. Company Overview
3. Market Analysis
4. Business Organization
5. Product Development Plan
6. Marketing and Sales Plan
7. Financial Plan and Projections
8. Appendix

Whether you're just [starting your business](#) or looking to get serious about a business you've run for quite some time now, you need a business plan.

In many ways, your business plan is your map. It not only guides you and other key stakeholders as you grow your business, but it also shows investors, [lenders](#), or potential partners where your business is going.

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When you get down to it, a successful business doesn't come without a well-thought-out business plan. So, if you're ready to roll up your sleeves and hammer out a fantastic business plan, you're in the right place.

Here's your ultimate guide to writing a business plan, mapped out for you step by step.

Writing a Business Plan: A General Overview

Ready to start writing your business plan? As the mastermind of your small business, you have all the ideas in your head and you want to get the ball rolling. But let's pace ourselves and take a broad look at the task you're about to get yourself into.

What Is a Business Plan?

A business plan is a strategic map.

It lays out where you and your business currently stand today—your resources, abilities, and goals—and maps out where you will be in the future and how you'll get there.

Think of it this way: A business plan shows how you'll get from point A to point B in three to five years.

While the general gist of a business plan is straightforward, *writing* a business plan isn't so simple.

To explain how you'll get from point A to point B—effectively, concisely, and convincingly—you'll have to take a detailed look into the [marketing](#), organizational, and financing strategies for your business.

8 Steps to Follow When Writing a Business Plan

A business plan can be broken into eight core sections. If this is your first time writing a business plan, the easiest way to tackle the beast is to walk through each section, one at a time.

When you're wrapping your head around what kind of information needs to be in your business plan, here are the main sections you should include:

1. **Executive Summary.** This is a general overview of your business plan—giving readers a snapshot into what they'll get from this document.
2. **Company Overview.** This section will answer the basics. What is your company, what does it do, and how is it different?
3. **Market Analysis.** This is your in-depth look into the state of your industry, where your business fits in, and what you're up against.
4. **Business Organization.** This section explains how your [business is structured](#) and what management systems you have (and plan on putting) in place.
5. **Product Development Plan.** What's your product or service, and how do you create it? This section addresses the lifecycle of your business's product.
6. **Marketing and Sales Plan.** How will you reach your customers? What's your ultimate plan for *selling* them your product or service? This section outlines your plan for marketing and selling your business.

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7. **Financial Plan and Projections.** This section looks closely into your budget and financial projections. These numbers will then back up any [business funding](#) requests you make to grow your company.
8. **Appendix.** Tuck in here any figures, graphs, or data that supplements the information in your business plan.

Eight steps to writing a business plan? You've got this, small business owner.

Let's get to it.



Writing a Business Plan: Executive Summary

Your [executive summary](#) is the first chapter and first step in writing a business plan.

The executive summary doesn't need to be more than one or two pages in length.

But just because it's a short section of your business plan doesn't mean it's unimportant. In fact, it might be the *most* important part of your business plan. Some investors might *only* ask for your executive summary when deciding whether to work with your business—so you'll want to ensure it can stand on its own.

Your executive summary should explain what your business does, where your business currently stands, where you want to take your business in three to five years, and why you'll be successful.

Now, we know that you're excited. If you're just starting your business, you could talk a mile a minute about why it's important and how you'll reach your goals.

But the executive summary of your business plan should be short and to the point. Any information that doesn't answer those four questions shouldn't be in your executive summary.

In fact, to keep your business plan's executive summary as concise as possible, just think about including only these [six pieces of information](#):

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1. **Mission Statement:** In no more than a paragraph, explain what your business is and your overarching goals.
2. **General Company Information:** State when your business was formed, the name of any founders and their roles, the number of employees, and any locations.
3. **Highlights:** Next, include examples (graphs and charts included) of any growth you've seen since starting the business. This could be financial market highlights or key milestones of the business. Think of this part of your executive summary as evidence to why you'll be successful. If you're a startup, you might not have any numbers to show here. If that's the case, give information on your experiences and highlights from your past endeavors.
4. **Products and Services:** Briefly describe what you sell, and who you sell it to. If you don't have a product just yet, describe your plans for your product offering.
5. **Financial Information:** If you're looking for [business financing](#), include your funding goals at the end of your executive summary. Be sure to include any information about banks or lenders you've worked with so far.
6. **Future plans:** Summarize where you're planning on taking your business in the future.

Remember—short and sweet. You can get into the details later, but for now you're showing readers what they're getting into.

Every word counts here—and if it's clear that you haven't put thought into your business plan, it'll show.

As a pro tip, try writing your executive summary *after* you're done writing a business plan from start to finish. That way, you'll have a solid grasp of the details and will be better equipped to summarize them.

Writing a Business Plan: Company Overview

The second section of your business plan should be your company overview.

While this step of writing a business plan sounds a lot like what you just wrote in the executive summary, the company overview is a top-level look into the structure of your business and what you do.

When writing your company overview, here's how you can think about breaking it down:

1. Start your company overview section off with a few sentences describing what your business does. Think of this part as your [elevator pitch](#) in writing. The first part of your company overview is intended to give readers and investors a general idea of your business.
2. Next, explain the nature of the industry and marketplace that your business services. Where do you fit in? What is the need that your business is specifically serving, and how do you meet that need? Again, your explanation of your marketplace offering should be short.
3. Once you've given your elevator pitch and explained your value proposition, lay out the legal structure of your business. Are you an [S-Corp or C-Corp](#), or LLC? Be sure to explain this and provide an overview of your ownership structure as well.

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Remember to keep your company overview short. There isn't really a need to dive deep into the details here.

In its essence, a business plan's company overview gives a quick—but catchy—pitch of what you do, who you serve, and why you'll be able to serve them.

After that, give a brief look into the existing legal and ownership structure of your business just so potential investors know what they're getting into.

Writing a Business Plan: Market Analysis

Moving further along the process of writing a business plan, your next step is to perform an in-depth analysis of your industry, market, and competitors.

Whereas the first two sections were high-level overviews, this is where you'll get into the details.

Readers and investors want to come away from your business plan's market analysis section feeling confident that you, the business owner, have a solid understanding of the dynamics of your industry, market, and competitors.

To prove this to them, your market analysis should include the following sections:

1. **Industry Description:** Give the reader a look into your industry. Describe how big it is, how it's grown in the past, how industry leaders predict it will grow in the future, and other important trends and characteristics. Then list out the important players in your industry.
2. **Target Market Overview:** You've looked at your industry as a whole, now zoom into your [target market](#).
3. **Target Market Characteristics:** Who are the customers in your target market, and what are their needs? Who is currently trying to serve those needs? Where is your target market located? What's the key demographic you're serving? These are the questions you should be answering as you give in-depth information on your target market.
4. **Target Market Size and Growth:** You should also give a look into how big your target market is. Try to give as much data as possible into how your target market makes purchases in the overall industry—how many, how often, and at what time of the year. Once you've investigated the current state of your target market, give a sense of the project growth of your market. Check out the [SBA's guide](#) for more on how to conduct market research to get these numbers.
5. **Your Market Share Potential:** Now that you know what your target market looks like *without* you, what will it look like *with* you? How much market share do you expect to gain in your targeted geographic area?
6. **Market Pricing:** By conducting this market research, you can give the best estimate of where you should be [pricing your products](#), how you should distribute your product, and how you can get ahead with promotional strategies.
7. **Barriers:** Be sure to include any barriers to market entry you might come across. This might be regulation, changing technology, high investment outlays, or lack of personnel in the area.

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8. **Competitor Research:** Now that you've investigated your target market as a whole, narrow in on your top competitors. Look at their market share, strengths and weaknesses, any barriers they present, partnerships, and so on.

When you're writing a business plan, this section might take the longest.

It's the most in-depth section of your business plan and requires the most research.



Writing a Business Plan: Business Organization

Next step in writing a business plan?

Your business's organization and management structure.

This section explains who does what in your business, what's everyone's background, and what their past experiences bring to the team.

Here's what you need to break down:

1. **Organizational Structure:** Before you dive into the details of each stakeholder, explain where they fit into the whole picture. The start of this section should have an [organizational chart](#) of how your business is structured. This will show that you know who is managing what aspect of your business.

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2. **Ownership Structure:** You've mentioned this before in your company overview, but go into a little more depth on how your company is legally structured. Explain who owns what, and how much they own.
3. **Background of Owners and Board of Directors:** Next, explain the background of your team, managers, partners, and board of directors. These backgrounds will prove to potential investors that you've surrounded yourself with individuals who can and will make your business a success. There's a lot to include here, so check out the [SBA's complete list](#) when you're writing this part of your business plan.
4. **Hiring Need:** If your team isn't that big right now, you'll probably need to expand someday. List out any [key hires](#) you'll need to make in order to achieve your goals.

Writing a Business Plan: Product Development Plan

After you've laid out your business's organizational structure, it's time to dive into the product or service your business provides.

In this section, it's all about laying out the plans for positioning your product.

Start off this part of writing a business plan by describing your service or product and who it's intended for. What need does it specifically fulfill?

To break this down clearly, here's exactly what this section should contain:

1. **A general description of your product or service:** Include the details of your product here, and highlight what makes your product or service stand out. Be sure to speak toward how your product serves the needs of your customers and how it's different than your competitors. This is all about framing the problem and solution your business is after.
2. **Current status of products:** Explain where your offering currently stands. Is it just in the idea stage? Or do you have a final product ready to go to market? Give a realistic and honest picture of how developed your core product or service is.
3. **Product development research and goals:** If your product is still in the ideation or creation phase, describe how you'll bring it to a finalized product. What research and development activities need to be done before you get to market? Also, if you have any plans for future products you'd like to research and develop, note them here.
4. **Intellectual property:** This mostly applies to technology or scientific companies, but if you have [intellectual property](#) that is proprietary to your business and is crucial for succeeding, you should explain that in your product development section. Note if you have patents or are in the patent application process.
5. **Sourcing and fulfillment:** Do you rely on other vendors to provide your product or service? If so, be sure to make that fully known when you're writing a business plan. Include information about where any inventory or materials are coming from, how you receive them, and how often you need fulfillment.

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This is the section of your business plan for letting the core of your business—your product or service—shine.

Writing a Business Plan: Marketing and Sales Plan

Now that you've given all the crucial details of your core product offering, the next step in writing a business plan is to explain how you'll market and sell your product or service.

Let's start with the marketing side of things. How will you create customers and get them interested in your business?

In general, here's what the marketing part of this section might look like:

1. **Positioning:** This first part of your marketing plan covers how you're positioning your business and products. The way you position your [brand](#) determines how customers find and interact with you. Are you the free service? Or the service with guaranteed quality? This is what makes you stand out against your competitors in a branding sense.
2. **Promotion:** After you've explained how you'll uniquely position yourself, now explain *where* you'll get the word out and how you'll reach your customers. This involves any plans you have for packaging your product, advertising the product (online or in traditional media sources), dealing with public relations, or engaging in [content marketing](#) practices.

Once you have a marketing framework explained, now dive into your sales plan:

- **Sales force:** Describe who will be selling your product. Do you need a sales force? If so, how big does your sales team need to be? Who will train your sales force? Now's the time for you to put on the hat of a chief sales officer.
- **Selling strategy:** Give an overview of how you will sell your product or service. Will your team be cold-calling potential customers? Or attend sales meetings in person? This is how you'll start and close the deal. Be sure to describe what the [sales funnel](#) looks like for your business.

You might not know exactly how this will play out just yet, or which marketing and sales channels will be most successful for you. But give a clear and concise overview of how you plan on selling your product.

Writing a Business Plan: Financial Plan and Projections

Although this section comes at the end of your business plan, it can be the most important part of the whole document.

The financial plan and projections section of your business plan gives a look into the current state of your finances and maps out where you'd like to be financially in the future.

If you've been in business for a little while now, this section will use financial data from past performance. If you have previous data to show, include the following:

- [Income statements](#)
- Cash flow statements
- [Balance sheets](#)

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- Accounts receivable statements (if applicable)
- Accounts payable statements (if applicable)
- Documentation of debt obligations (if applicable)

Even if you *don't* have any previous financial data from your company, you need to include financial projections in this section.

Financial projections are either supported by your past data, or they're projections determined by research and analysis on the industry and your top competitors.

And when you're forecasting your business's financials, here are the essential documents you should include:

- Statements of projected income
- [Cash flow forecasts](#)
- Balance statements
- Capital expenditure budgets

A thorough business plan has financial projections for the first 12 months of business but also takes a longer outlook and plan for the next 3 to 5 years.

To get into the nitty-gritty of creating a financial projection, check out Bplan's [guide to financial planning](#).

The last part of your financial plan should include any funding needs your business has or will have in the future.

Whether this is through [equity financing](#) with angel investors or venture capital firms, or [debt financing](#) with [small business loans](#), here's what you need to include in a funding request:

- The funding amount you need right now
- Any funding you'll need in the future
- The purpose and impact of the funds ([working capital](#), [equipment purchases](#), [franchising fees](#), [acquiring a business](#), etc.)

This way, if your business plan is in the hands of a potential investor, they'll know exactly how any financial contributions they make will impact the business.

Writing a Business Plan: Appendix

The appendix gets attached to the end of your business plan, and it'll hold all the supporting information you didn't include in the meat of your document.

Specifically, if you have any data points, charts, footnotes, or further explanations that are essential to creating a complete business plan, put those in the appendix. That way your readers can refer to the

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appendix if they need more—but aren't distracted by long text explanations or confusing numbers while parsing through the plan.

Logistically, the appendix should begin with a table of contents that breaks down the sections of your business plan, followed by the additional information that corresponds to each section.



Writing a Business Plan: Wrapping It All Up

There you have it, small business owner—your quick-and-dirty, eight-step guide to crafting a complete and comprehensive business plan.

Writing a business plan might seem like an overwhelming task, but when you break it down step by step, you can tackle each section accordingly.

And if all else fails, remember these three things as you're writing a business plan:

- **Do your research:** Your business plan seems like a huge, intimidating document. But if you fully do your research before writing, it'll be a lot easier to create.
- **Be efficient and concise:** When you're writing a business plan, think *word economy*. Every sentence and section should be written in the most concise way possible.

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- **Keep your audience in mind:** You know the lingo of your industry and business, but your readers don't necessarily. Make sure all the information is easily digestible by your target audience.

And the last piece of advice? Dive right in.

This crucial business document won't write itself, so it's time to get going. Good luck!

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