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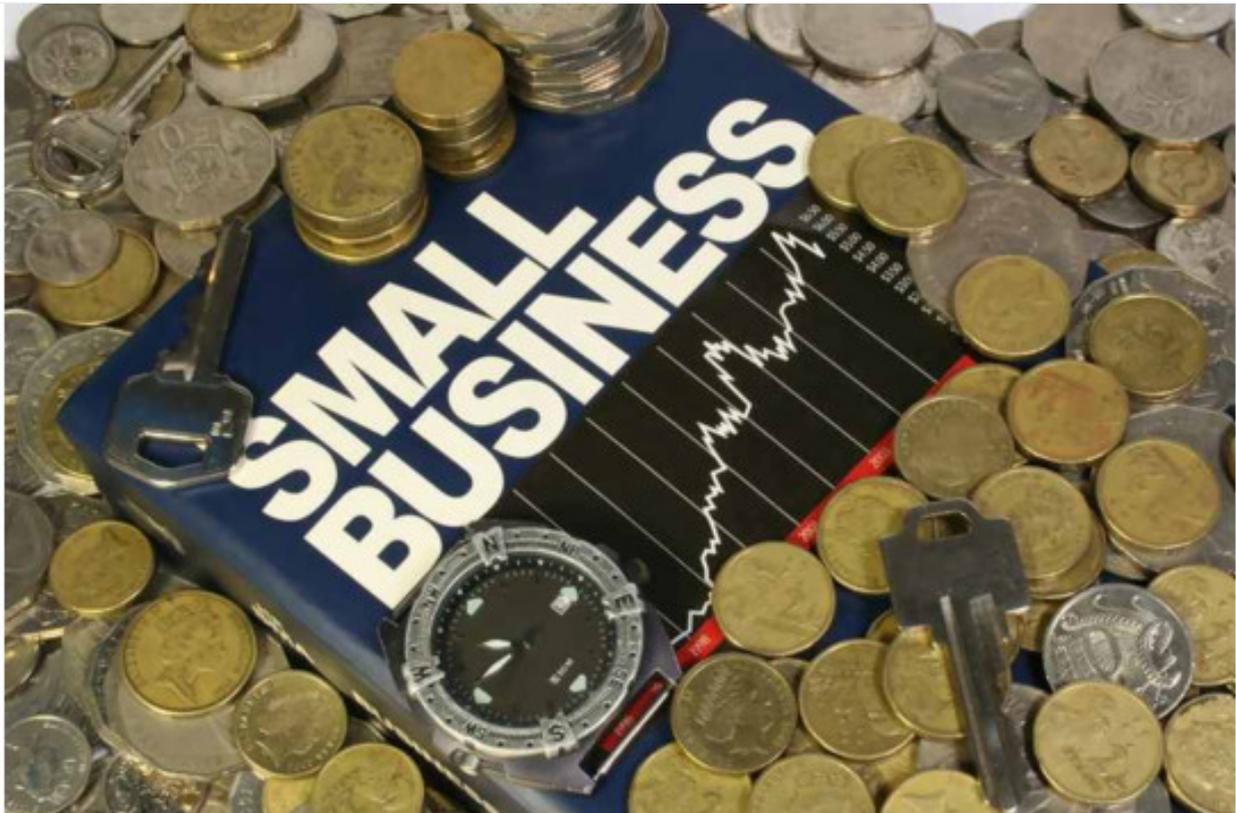
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SMALL BUSINESS

10 Tips for Writing a Business Plan

A great business plan can help you anticipate important issues and possible challenges before you start your business.

Aug. 26, 2020



Many entrepreneurs and business owners make mistakes when they rush to [start a business](#) before considering important details.

A great [business plan](#) can help you anticipate important issues and possible challenges before you start your business.

In fact, studies show that entrepreneurs who take the time to write a business plan are 2.5 times more likely to follow through and get their business off the ground.

Here are 10 tips to help you write a great business plan.

1. Learn from other entrepreneurs and business owners

Start by reading as many business plans as you can get your hands on.

- Search the tables of contents and consider which parts are relevant to your business.
- Flip to the index and see how well organized and granular it is.
- Check out any exhibits or charts and consider how your business plan could benefit from similar exhibits or charts.

Remember, you're not reinventing the wheel here. For example, you can get a [free business plan template](#) for a [traditional business plan](#) and a [one-page business plan](#).

There have been many who did this before you and you can benefit from their experience and expertise.

2. Be prepared and do your homework

Don't mess around – research everything.

Thoroughly.

If you expect to be the market leader in 2 years, you need to demonstrate why this is possible and how you'll meet this goal.

If you say your product will be viral, you have to support this statement with facts.

If you say your management team is experienced and qualified to help the business succeed, you have to support that claim with resumes that demonstrate the experience.

It's easy to lose credibility – and investors – if you're making claims you can't fully support.

Need specific insights on how to write a great business plan?

Read this definitive guide on how to write a business plan. You'll learn about each section of the business plan, from the executive summary to the appendix, and you'll

be able to download free business plan templates for a simple one-page business plan and a traditional plan, and other important templates, including a SWOT analysis template, sales forecast template, profit and loss template, cash flow template, and a balance sheet template.

3. Know your market and your competition

Some business owners avoid talking about potential competitors.

This is a mistake.

Unless you're creating a new industry, you will have competitors. And you'll need to figure out how to beat them or at least to compete with them.

To understand your competitors and the industry, you'll need to do [market research](#).

Invest some time and effort and do it correctly. A business can't succeed if the owners don't understand their industry, target customers, or the competition.

4. The table of contents is your friend

The TOC is your outline for the plan.

Take your time with it; make sure you are including all of the relevant topics.

At a minimum, your plan should include sections on the company you are forming, your marketing plan, financial information, and your go-to-market and growth strategy.

Look to other business plans for inspiration.

5. Don't give away your secrets when sharing your business plan

If you plan to share your business plan with potential investors, bankers, or others, require confidentiality.

And make sure you cover yourself with a strong disclaimer. The last thing you want is for a potential investor or partner to claim that your business plan misrepresented your business.

6. Write a strong executive summary

People are busy. Few read 50-page business plans. Even fewer read 100-page business plans.

Most will read only the executive summary and flip through other sections of your business plan.

This creates both a challenge and an opportunity.

If your executive summary is strong, you increase the prospects to have a further conversation with a potential investor or partner to make your pitch in person.

7. Know your audience

Who will be reading your plan?

Is it written for investors? For potential partners or board members? For a bank to get a small business loan?

Anticipate the kinds of questions those people will want to be answered and answer those questions. For example, if your audience includes bankers, think like a banker and write what they would need to see to fund your business.

A great business plan will show that you have thought through your business idea clearly and have developed a plan to develop the idea into a sustainable and profitable business.

8. Make the business plan readable

A great business plan should be compelling, interesting, informative, and exciting.

Make sure that you include detail, but not so much that people are overwhelmed.

Use appendices for the details and anything else (like resumes) that would bog down the body of the plan.

Do a careful edit for spelling, grammar, punctuation, and voice.

Get a second (and third) set of eyes to give you constructive feedback.

Do not be stingy with charts, graphics, illustrations, and tables. They are great ways to present detailed information in a digestible form.

9. Use Pro-formas wisely

People interested in your business plan will want to see projections of your performance, your costs, and your anticipated growth.

But, they are sophisticated enough to recognize when those numbers have been arrived at based on real data compared to when you simply make up the numbers.

So, be conservative in all financial estimates and projections. If you think you'll get a 25% share of your market in 2 years, hint at those numbers but assume you'll get only a 5% share for purposes of your financial projections.

One good approach is to show the best, worst, and most likely scenarios for sales and growth.

10. Keep it simple

Keep your language simple and use readable fonts and a clean layout.

And, let your personality show. If you believe in what you're writing, your passion will show in the final product.

And at the end of the day, remember that most people don't invest in a business plan.

Most people invest in a person.

You.

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Ross Kimbarovsky is founder and CEO at [crowdspring](#), where more than 220,000 experienced freelancers help agencies, small businesses, entrepreneurs, and non-profits with high-quality custom logo design, web design, graphic design, product design, and company naming services. Ross mentors entrepreneurs through TechStars and Founder Institute, was honored as one of Techweek100's top technology leaders and business visionaries, and enjoys wearing shorts to work after a successful 13-year career as a trial lawyer. Ross has founded numerous other startups, including Startup Foundry, Quickly Legal, and Respect.

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