

Writing a business plan is one of the most important steps in the life of a new business owner. It's a key document that will help you establish and grow your business, and it has a life well beyond just setting up or applying for finance.

Why do I need to write a business plan?

Your business plan is one of your venture's most important documents. It's the bible you'll use to help establish your company, but it's also the guiding document against which you'll measure your success and continue to grow.

In order to build your business sustainably, you need to know where you are and where you're going. This is what a business plan provides.

There's a range of formats in which you might choose to write a business plan, but most of them include the same core sections. Below, we've explained each of these areas and how to complete them.

Ready to start? Here's our step-by-step guide.

- 1. Executive summary.** This is the outline of your plan, and a snappy explanation of your business. It's used to pique the reader's interest, and to explain what's in the rest of the document. The executive summary shouldn't generally be more than a couple of pages, and most people choose to write this section last.
- 2. The problem.** This is where you explain the need for your business. What's the problem you're solving, or what's the opportunity? Why do people need or want what you're selling?
- 3. The solution.** Here, you explain how you're solving the problem you outlined in the previous section. What is it that your business will do? How does it meet the needs you've identified?
- 4. The market.** In this section you explain the size and nature of your market. You'll need to do some research to back this up, and that might be either quantitative, qualitative, or ideally both. Potential investors will want to know how big the market is, how many existing competitors there are, and whether the market is set to grow or contract.
- 5. Competitor analysis.** Here, you'll look at a few of your key competitors and analyse their strengths and weaknesses. What are they doing well, and what can you improve on?
- 6. SWOT analysis.** This is a key part of the business plan. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. This section helps you understand some of the most important factors that might affect the success of your proposition, and how you're going to compete effectively with other companies operating in your market.
- 7. The execution.** Now that you've done the analysis, this section allows you to explain how you're actually going to run your business. How will you turn the opportunity into a profit-making enterprise? This section will have a number of subsections, including marketing and sales, operations, and benchmarks.
- 8. The team.** Here you'll explain who's involved in the business and what their strengths are. You should outline each key team member's experience, and what they bring to this new business. You might also want to include outside advisors and experts, such as your accountants.

9. Financials. Your business plan won't succeed without watertight financial forecasts. Here, you'll need to outline your sales forecasts and the cost of goods sold. You'll also need a profit and loss forecast, cash flow statement, and balance sheet, each of which should be presented in raw figures and as charts. If you're seeking equity investment, you should also think about including details of potential exit strategies.

10. Appendices. Finally, many business plans include appendix sections featuring other graphs, tables, or notes that are too long or involved to include in the body of the plan itself.

Top tips

While you're writing your business plan, you should keep the following tips in mind.

1. Know your audience. Remember who you're writing for – is the business plan primarily for your own use, or are you looking for a loan, or even equity investment? By keeping your audience in mind at all times, you can help to ensure that you stay on track.

2. Don't go on too long. Remember to keep your plan snappy. While you don't want to miss out crucial detail, you should also bear in mind people's attention spans. Don't turn in a plan running to hundreds of pages.

3. KISS. Keep it simple, stupid! It's likely that your plan will be seen by people who don't have intimate knowledge of your industry, so you need to make sure that it's written in language that is accessible to people without specialist experience.

4. Don't forget the visuals. Finally, you should consider having a designer look over your business plan if it's going to investors. You might even choose to build a presentation deck to give the topline from your plan in an attractive, accessible format.

Free business plan software

There's a range of software options available to help you write your business plan. The best ones guide you through the process step by step, giving you the questions and hints you need in order to structure your document properly.

While it's not free, the best business plan software we've found is LivePlan (www.liveplan.com), which is available for about £10 per month when you buy a full year. This cloud-based software helps you structure your business plan properly, but its best feature is its fully-functional forecasting section. This allows you to plug your numbers into a simple interface, which then generates attractive charts and graphs for you to embed in your document.

However, if money is tight there are a few free options to help you create a great business plan. Your first stop should be the websites of the major banks, most of which offer free templates to help you craft your plan. These can be particularly useful if you're looking to apply for finance from a bank, as they'll give you an idea of the sort of format lenders are looking for.

Still stuck?

Get intouch, and one of our experienced ethical coaches, will gladly talk you through what you and your business need.

Enquiries@MyTrueNorth.Biz