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# How To Write A Business Plan

*Strategies  
for Anyone,  
Anywhere, in  
Any Field*

E-book

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## HOW TO WRITE A BUSINESS PLAN

Every small business needs a plan for success. Simply stated, a business plan is your strategy for bringing your product or service to the marketplace. I am so fed up with people starting businesses without a road map for reaching their business destination. That said, I am going to walk you step by step through writing one. No more excuses! This is the first of a three part series on how to write a business plan.

Your business plan outlines what you see as an opportunity, why it would be a successful enterprise, how you plan to market it (who's buying and why), and how much money will your business make (for you and potential investors).

It does not have to be complex; it can be as minimal as 10 pages or as long as 40 pages or so. The length of the plan is not the issue, it's the quality of the strategy outlined in the plan that really counts. Whether you start a small lawn care service or a major manufacturing firm with 100 employees, your plan needs to be well-researched and have reasonable financial projections. All businesses need is the same thing— a business plan that the owner can follow to accomplish his or her long-term business goals.

EMERSON'S ESSENTIALS

Writing a business plan is a good exercise.

Writing a business plan is a good exercise. It will force you to describe the elements of your business foundation in great detail. Don't spend more time planning your vacation than you spending planning how you will support you and your family financially.

Your Business Plan should answer these key questions including:

- What business are you in?
- Why are you in it?
- Who is your target customer?
- What problem will you solve for your customer?
- What is the growth potential in your market?
- What skilled labor will you need to meet your company needs?
- How will you generate start-up capital?

It will help you think through how you will actually run your business. There is a basic format that will help you create a logical plan that will cover the essential elements you need to include. They are the following:

- Cover Page
- Executive Summary
- Business Description

- Market Analysis
- Marketing Plan
- Operations Plan
- The Management Team
- Intellectual Property Strategy
- Revenue Models/Cash Flow Projections

## COVER PAGE

This is the first page of the business plan. It should include the date, name of the business, the names of all business owners, and contact information for the key contact person. The cover page should also be marked and treated as confidential to limit its exposure to potential competitors.

## EXECUTIVE SUMMARY

This should be written last, after the document is complete. The executive summary gives an overview of the important aspects of your business. It provides a brief description of the product or service; that generates interest in your business idea. It clarifies the size of the market opportunity, communicates your marketing strategy and your unique selling position in the marketplace. It summarizes how much money you will need to start or to grow; and estimates your year-over-year expected profitability. It should include a paragraph or two on each section of the business plan. It should not be more than two pages.

## THE BUSINESS DESCRIPTION

This is the explanation of your business idea. It should be brief, well-thought-out, and easy to understand. Make sure not to include any proprietary information about your business. For example, you would never learn the recipe for Kentucky Fried Chicken in the restaurant chain's business plan. Here's an exercise – Describe your business. Make sure your description is complete and concise. It should be one page or less.

Your business description needs to answer the following questions:

1. What is your product or core business service?
2. What is your unique value proposition?
3. How will your product or service meet the needs of your customers?

Once you know what business you are in, it's time to figure out who's going to buy from you and why. You are just someone with an idea until you develop a business plan. In other words, if you haven't written your plan yet, your business is still in the fantasy stages.

You will now need to define your target customer, niche, competitive analysis, the secret sauce or differentiator and how you are going to tell the world you are open for business. Most importantly, you will need to know how much money you'll need to do that.

**Your Marketing Plan should answer the following questions:**

- What is your product(s) or service(s)?
- Who is the target market customer?
- What is your placement strategy?
- How will your product or service be distributed?
- How will you price your product or service?
- How will you promote your product or service?
- What are your budgetary needs to execute your marketing plan?
- This information is a key part of your business plan. In fact, it is the foundation upon which you build your business. Anyone who reads this part of your plan will not only understand who's buying and why, but also your plan to get sales, your pricing strategy, profitability and projected growth.

## Market Analysis

The market analysis starts with a market summary outlining the business opportunity, then drills down what share of the market you believe you can capture. Then determine how much each customer segment is worth to your business in terms of revenue. It should also include a trend analysis which is about your industry and where the market is going. Is it growing or shrinking? The reasoning is that if you are not in a growth industry you need to understand how long you can pursue your business strategy before the market moves or is saturated. Then you need to identify and explain your target customer and the market segments you plan to reach. When identifying your target market, you should make sure you have three things:

- a) **Meaningful** – you need to know the problem you will solve, and be a real solution.
- b) **Sizable** – you need to make sure the piece of the market you want is large enough to turn a profit.
- c) **Reachable** – you must make sure that you have the resources to reach your target audience. Remember, your network is your net worth when starting a business.

## WHO'S THE COMPETITION?

Your customer's need is already being met somehow. Describe your top three competitors and discuss their strengths and weaknesses. Then explain why their customer will buy your product or service over theirs.



Competition is a good thing. If there is another business selling a product or service similar to yours that means there is a market. Now just figure out how to stand out amongst the competitors.

## The Customer Profile

Identify your customer in painful detail. Your description should enable anyone to see the face of your customer. Based on this information, you can now create a strategy on how you plan to market to each customer segment. Your sales plan should also be a part of this section of the business plan.

## The Niche

Webster's Business Dictionary defines a niche as a "particular market or specialty area where a company finds it profitable to concentrate its selling efforts. Niche marketing offers a concentration of clients in an area of limited competition. You have limited time and resources as a start-up small business, so you need to pick a lane and be disciplined enough to stay in your lane. So in other words, there are thousands of graphic design firms out there... what specific market will you serve exclusively? Will it be small business, nonprofits, educational institutions, etc?"

## What Is Your Signature Move?

Michael Jackson was famous before he became a solo artist, but once he did the moonwalk on stage during Motown 25, he became the King of Pop. What is your moonwalk? Defining your secret sauce or signature move will enable you to stand out in the market place. A signature move could be uniforms, an extra free service, how you say thank you, a discount coupon for the next time. Here's a great example, a funeral home sending a gift clock to a bereaved family with the inscription "Always remember the good times." People will always remember how you made them feel while doing business with you.

## Marketing Budget

Now that you know who you are selling to, your niche, and signature move, you need develop a budget to execute your marketing plan. Once you have a 30-day revenue goal, you need to determine how many sales leads you need to generate to hit that number each month. Then you need to figure out how many resources you need to put those leads in your pipeline (website, sales people, call center, tradeshow, facebook ads etc.) That's the easiest way to develop your marketing budget.



If you would like to read further about writing a business plan here are two books I suggest: *Plan As You Go Business Plan* by Tim Berry and *The Successful Business Plan* by Rhonda Abrams.

Now, I want you to define how you are going to run your business, and develop a budget and sales projections. This is where you go from dreamer to business owner folks! It's about dollars and cents. If your business is not designed to make money, you have an expensive hobby.

## The Operations Plan

This section explains how you plan to operate the business. Managing your enterprise is serious work. As the boss, you need to orchestrate how the business will run while keeping costs down and maximizing profits. You need to have a clear process for delivery, handling customer complaints, determining how many employees you need, taking mark downs and so much more. If you are manufacturing a product, it is even more important to track all the raw materials, processes, finished goods, and shipped goods and how to work your way through the many emergencies, large and small. Your business plan should include as much detail as you can so anyone can see how you expect things to work.

Running your business can be as simple as going to a big box retailer and stocking up on more hot dogs, rolls, condiments, napkins, soda, etc. for that week's business or as complicated as having shirts made by a foreign manufacturer, getting them through customs, price-tagged for sale, stocked in the store, scheduling help, and so much more. Other issues include location, business permits, inventory management, power and communications needs, insurance requirements, additional construction needs, and zoning requirements. Any of these areas can stop you from opening your doors and should

be addressed as a detailed part of your plan. Personnel issues like pay, skills set needed, training, and total headcount should also be touched on, as they have a direct impact on your operations plan and your financial projections.

If you have the time, I strongly recommend creating a process flow worksheet that outlines every activity from receipt of raw materials to final customer sale.

Operations, as you can see, is all about the details some of which could keep you from opening your business. A page on your business operation will get you thinking about what it will take to get your business up and running

- What are going to be your top priorities?
- How will you measure the results of your processes?
- What is your plan for sources and uses of cash?
- How will you manage growth proactively?

### Your Management Team

One of the essential ingredients for a successful small business is the experience the business owner brings to the table. Highlighting your expertise and background is critical to giving your business credibility, particularly in the early years. My first business was a multimedia production company, my background as a television producer was a key element to my clients trusting me with their marketing projects. Your knowledge of your industry and your relationships with potential strategic alliances and customers will be an important asset to your business. You will probably start out as a management team of one. As your business grows, however, any new employees should bring with them skill sets that might include diverse business experiences, significant business contacts, demonstrated leadership and/or technical savvy.

### Revenue Models/Cash Flow Projections

The financial plan lays out your operational budget and sales expectations for your business. Typically, the first thing any investor or bank will want to know is at how much money your business will generate and how soon will it be profitable (you might have a need to know as well). You will need to create a tight, well thought out, realistic financial plan that includes the amount of personal financial risk you are putting on the table.

If you are not comfortable with accounting, you should engage an accountant or a seasoned bookkeeper to help you pull together your initial financial projections.

It is also a good idea to work along side your accountant for a while once you start doing business. That's the best way to get a grasp on the financial inner workings of your company. When it comes to developing sales projections, it is important to be conservative and realistic. I like to focus sales projections around 30-day goals.

Know your numbers, and be able to defend them. The worst thing you can do is develop financial projections that don't make sense, particularly if you plan to pursue funding. The plan should also include a cash-flow projection and a break-even analysis. The process of developing your financial plan will help you understand how many sales must be generated to cover your expenses and eventually make you a few pennies.

Your financial plan is your best estimate of your company's financial future. It is an estimate because you really have no idea how your company will perform financially until you operate the business for six-months to a year. Your plan should include a one-year operating budget and up to a three years of company sales projections.

### **The Executive Summary**

After the sales projections, it's time to write your executive summary. An executive summary provides a snapshot of the business. It is essentially a sales document that highlights the main points of an in-depth business plan and is written for people who want to understand quickly whether or not your business idea is worth their time. The executive summary should contain enough information for the reader to get interested in reading the full plan; thus it should be the most compelling part of the business plan.

#### **Here is How to Write an Executive Summary.**

The executive summary should provide answers to the following questions:

- Who are you and who is your management team?
- What is the business idea?
- Where is your market opportunity?
- When will your business be profitable?
- Why will your target customer do business with you?
- How much money do you need and what will you do with it?



Your executive summary should be written last – after the bulk of your business plan has been developed. It should be no more than two pages. If you can't sell your idea on paper in two pages, well then perhaps you need to reconsider your business idea.

Your executive summary should list the highlights of your business plan in the order that your plan is organized. Avoid using unnecessary technical material or industry jargon. Chances are the person reading the business plan may not know anything about your business and if they are in a position to make a funding decision, it is best to not frustrate them.

Use plain language and do not hesitate to add supporting sentences to further explain. As a test, ask a friend or family member to read your business plan's executive summary to make sure your business idea is clear, conveys passion, and above all entices the reader to keep reading your business plan.



I strongly suggest that you purchase business plan software. I recommend Business Plan Pro or [www.enloop.com](http://www.enloop.com). Then, sign up for a business plan course to finish your business plan.

Find a business plan course at a local community colleges, Small Business Development Centers, 1-800-8-ASK-SBA or use this link:

[http://www.sba.gov/aboutsba/sbaprograms/sbdc/sbdclocator/SBDC\\_LOCATOR.html](http://www.sba.gov/aboutsba/sbaprograms/sbdc/sbdclocator/SBDC_LOCATOR.html), or a local nonprofit serving small business.

A business plan is the small business owner's hypothesis of what they think will happen in once they open for business. The plan will change once the business is exposed to the marketplace, which means the plan must change regularly. In fact, in the first few years of running a small business, the business owner should review and update their business plan every two-to-three months to make sure the business is on the right track.

No more excuses, now you have everything you need to finally get your business plan done.

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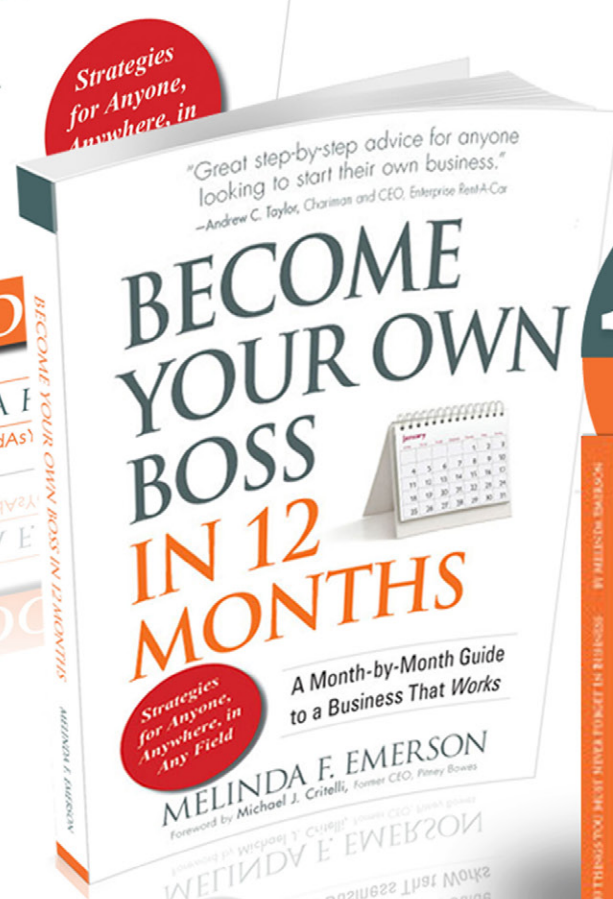
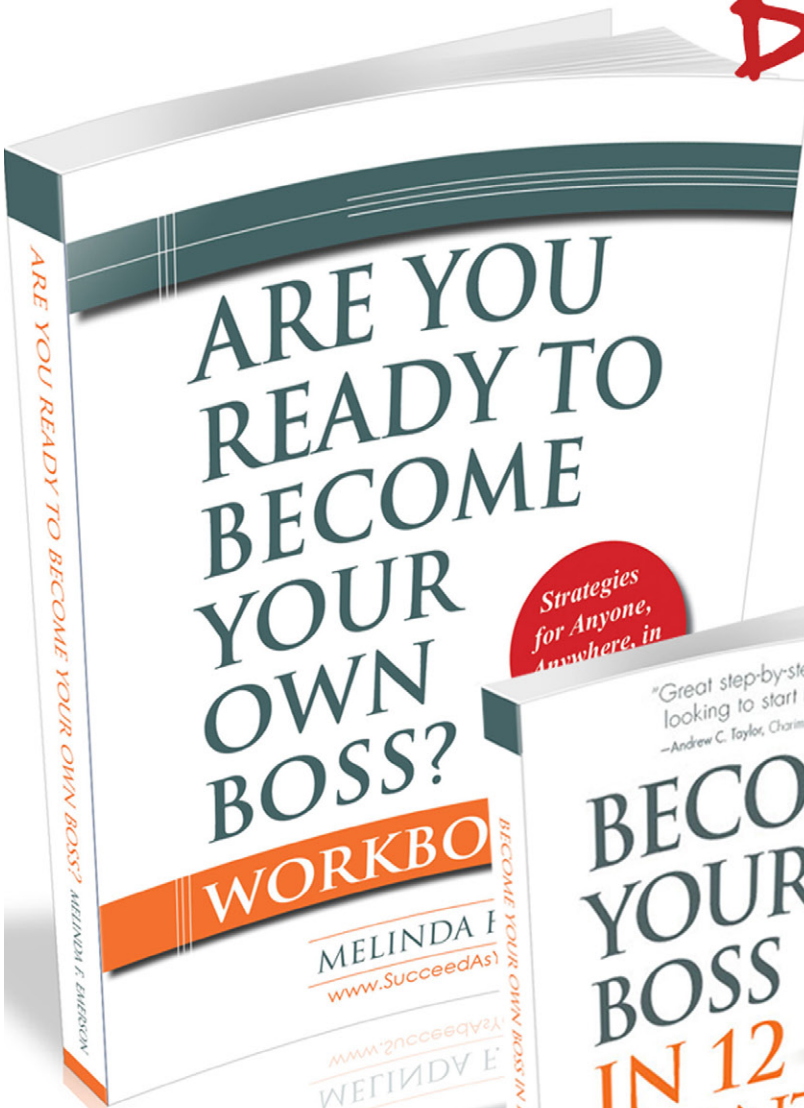
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## ABOUT MELINDA EMERSON

Melinda F. Emerson, **SmallBizLady**, is America's #1 small business expert. She is an author, speaker and small business coach whose areas of expertise include small business start-up, business development and social media marketing. As CEO of Quintessence Multimedia, Melinda develops audio, video and written content to help her Fortune 500 clients engage small business customers. She is a weekly columnist for the You're The Boss blog for the New York Times. She publishes a resource blog, [www.succeedasyourownboss.com](http://www.succeedasyourownboss.com) which is syndicated by the Huffington Post and hosts a weekly talk show on Twitter called #SmallBizChat for today's entrepreneurs. She reaches 1.5 million small business owners weekly on the internet. *Forbes Magazine* named Melinda Emerson #1 Woman for Entrepreneurs to follow on Twitter. Melinda has been featured on MSNBC, Fox News, NBC Nightly News and in *The Washington Post*, *Fortune*, *Essence* and *Black Enterprise*. She is also the author of the bestselling book "Become Your Own Boss in 12 months; A Month-by-Month Guide to a Business That Works." Melinda is a graduate of Virginia Tech.

To your success,



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