

Keys to Writing an Effective Business Plan

Sales

Introduction

A business plan is the road map for success of any business or organization. This document usually projects the future ahead and outlines the route the company intends to take in order to grow.

Mainly a business plan is created when a new business will be started, to help the business grow, for a specific focus area of your company, or even to search for investors and obtain buy in from key stake holders/partners. Usually business plans are yearly, quarterly or even monthly – it depends.

In this guide, we will provide you with key elements you can take into consideration prior to writing your plan, as well as the sections that need to be included. In addition, we have included some best practices on how to present the business plan to any stakeholders; and ultimately an additional resources section you can leverage to help you learn more about business planning and all of the aspects that go into it.

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Business Plan Overview

What is a business plan and why should companies have one?

A business plan is a very detailed guide for how you expect a business to achieve its goals and objectives. Essentially a business plan tells the story about what you want to achieve, how you want to achieve it and when you expect to achieve it by.

The main purpose of a business plan is to map out your business strategy and action plan.

If you fail to plan, you are planning to fail! – Benjamin Franklin

Even the brightest business ideas can be useless if you can't convey, execute and implement them a plan to make this idea work successfully.

Getting Started with a Business Plan

There are no set rules for how a business plan should be written. It could be mapped out on a single sheet of paper, or be as structured and formal as a 40 page document with many sections, graphics and even financial data.

However, in order to write an effective business plan we suggest taking time prior to perform as much research as possible and gather as much information as needed. Below is some of the information we highly recommend you take into consideration:

Market Research

Provides information about your existing customers and the markets in which you do business or plan to do business in. By collecting this data, the business can be more competitive and have a more targeted approach on how to enter a market and offer better services and products. Market research helps to identify market trends and potential opportunities to increase sales while also mitigating any potential risk.

Some example questions a market research should be able to answer are:

Who is the customer, and what influences them to make a decision for purchasing your products or services?

What improvements or changes to the services you provide, or to enhance your product portfolio that will encourage them to purchase more?

What are some of challenges your offerings can help to solve?

To be able to complete this process, some easy steps should be followed:

1. Map out what you want to learn or find out, and be very specific.
2. Identify the target group for your research.
3. Select one or two tools to perform the research. This can include a survey, a face-to-face meeting, a telemarketing phone call, or even email.

4. Gather and analyze the data collected. Go back and review the purpose behind your research, determine if the data you have access to now meets your objective. If it does, then you will be able to create a more robust and effective strategy for your organization.

Industry Analysis

An industry analysis is not the same as a market or competitor analysis. An industry analysis will demonstrate the products offered in a particular industry and how it relates to the marketplace. An industry analysis establishes the scope of the marketplace, while a market analysis will tell a business if a market for a particular industry is profitable.

In example, an industry analysis can provide information about the expected growth in a particular industry for a specific technology, product, or service. It can also provide details about trends, risks/disruptions and opportunities that can be expected in the industry and from where these will come from. In addition, if the company will be competing on a local, national or even international scale.

There are many resources, reports and tools that can be leveraged for industry analysis. Gartner, IDC, BizStats, and McKinsey are some examples of resources you can leverage.

Competitive Analysis

This type of analysis focuses around each of competitor's strengths and weaknesses. You should be able to identify your primary competition within your industry and marketplace, understand your competitor's strategies and objectives, as well as their market share.

To help you get started on completing this process, below are some steps you need to take into account.

1. List all of your current and potential competitors
2. Profile, and gather data and information about your competitors, including their products, marketing and pricing strategies if known. (If possible a SWOT analysis on each one)
3. Analyze the data and determine how it affects your business for both good and bad.

You may obtain data from many sources such as press releases, their website, case studies, annual reports and such. When you analyze the information all together, you will have a better picture of your competition, and how you compare against it.

Company Opportunities and Risks

Evaluating your own company is necessary as well prior to creating your business plan. Therefore, if you create your own SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) you will be able to know in which areas you should focus, as well as which areas need improvement and need to be carefully thought of in advance to minimize any risks in the future.

Company Value Proposition

What is your business value proposition? What do you offer that makes you stand out from your competitors? A business lacking a value proposition is not going to get very far and will not seem attractive; without a value proposition, it is difficult for your customers to understand why they should buy from you versus the rest.

Are you well known for the technical expertise you offer, or perhaps for having an end-to-end portfolio?

Having a compelling value proposition is key for any business. Understanding it and living by it can also go a long way. So if you don't know what it is before creating the plan, go back and find out. If your business doesn't have one currently, there are several elements that can help you create one.

In our additional resources section, there are several links to help address this and other areas listed on this guide. Don't forget to check it out.

Writing the Business Plan

With the data you gathered and analyzed previously, you are now at a better position to write your plan. There is no right or wrong of how you will go about creating it. However, keep in mind once again your purpose of writing this plan as well as who your audience will be for this plan.

Who else will read, besides you, do you plan to roll out officially to other stakeholders within your company?

Internal business plans for example are written as a playbook for other management members to follow as an execution guide. It will clearly define what role they play into the overall goals of the plan and business, how success will be measured for the overall organization as well as for them. It can also be written for a specific project or program, and to help everyone stay on track while defining their responsibilities.

External plans on the other hand, are often created for a third party stakeholder or possible investor. These plans may address concerns, and highlight how the business plans to overcome. In other opportunities, an investor may want to see your projections around growth and profitability, as well as what their return on investment will be.

Below are some key elements to include on a business plan. However, what you choose to include is dependent upon the audience and purpose.

Key Elements of a Business Plan

1. Executive Summary

This section is the most important section of a business plan; it tells your reader where your company is, where you want to take it, and why your business idea will be successful. You may want to include your company's mission statement, highlights, industry/market analysis, financial details such as projections on growth and profitability and even future projections. If you are seeking financial assistance, the executive summary is also your first opportunity to grab a potential investor's interest. The executive summary should highlight the strengths of your overall plan and therefore be the last section you write. However, it usually appears first in your business plan document.

2. Vision and Mission

Statements The vision statement is what the future of the business will look like once the mission or goals are achieved. A vision statement is a reflection of what success will look like once your plan is successfully executed.

The mission statement clearly defines the long-term goals of your business, what your company will do for the customers, the employees as well as what it will do for your company.

Each statement should be listed as a separate section.

3. Goals and Objectives (Measures of success)

This is a critical section. List out your goals; specify expected results and activities that can be easily tracked.

Objectives don't always have to be financial. You may set objectives for performance, customer satisfaction, and any other key components of success, as long as you define how they will be measured. For example, "Being the best" is a good objective, but it is not a business objective unless you can measure it.

4. Your Business SWOT Analysis

This is a very useful technique to analyze how your company is doing overall, from how it operates, goes to market, to the culture and skills of the employees. This will help you have better understanding of your strengths and weaknesses, as well as the opportunities available and the threats you face today and will face down the road.

Strengths and weaknesses are often internal to your organization, while opportunities and threats generally relate to external factors.

It will help to identify what is working, and what doesn't, in order to support your new plan. This something you also do prior to writing your plan, so on here you would just be listing your findings and solutions.

5. Industry, Market and Competitive Analysis

These are the different analysis you performed before sitting down to write the plan. After analyzing, the data gathered prior and coming up with the takeaways from each, you can now include your findings and the strategy that came up after leveraging the data found. Below are some suggestions:

Industry: Include details such as expected industry growth, how your company will position itself within the industry, and take advantage of the opportunities.

Market: Describe your customers, their needs, and how big the market is, and how the company plans on targeting or entering this market.

Competitive: Include how your company compares to others in the industry, and how your company can compete to gain some of the share.

Each of the above should be included as separate section.

6. Marketing Plan

This plan should be included depending on the purpose of your business plan. However, most business plans would include it regardless, or sometimes a marketing plan is created as a standalone as well. Of course creating, a marketing plan begins with analyzing all of the data you captured prior from the industry, market and even your internal business analysis.

The plan should outline how your business is going to get your target market and/or existing customers to buy your products or service offerings, how or which marketing methods your business plans on leveraging to reach these customers, what the messaging will be, including your value proposition, and of course any promotions or incentives for sales or the customers.

You may also leverage a business model canvas to be able to come up with a good go-to-market plan, or overall to support the business plan on its entirety. Check out the additional resources section for a link on downloading a sample business model canvas framework and steps on how to use.

7. Financial Plan

This section should indicate where your company currently stands and what your financial projections will be in the future.

If you are searching for investment, this will also help to determine how much budget or financing the business will need in order to carry out the plan successfully.

You will also want to include what the return of investment will be after the plan is executed, and how the budget will be used.

There are more details that will need to be added, please check out the additional resources section for helpful insight and links to guide you on this area as well.

8. Operational Plan

An operational plan is tied to the day to day business processes of your company, without this section no one will know how they are supposed to execute, and its needed in order to assign ownership and help management hold their teams accountable as well as themselves.

This section should include guidance to direct the company's employees on what needs to be done and which teams/individuals own certain tasks. You may also include an organizational chart, showing the titles, and responsibilities from each team or person as well as which supervisor or manager is over each.

9. Timeline

A business plan will hold you accountable and on track, it will provide visibility to your readers to understand exactly when things will be taking place and be aware of any deadlines. Any one supporting or helping to execute your plan will want to know when an action needs to be completed.

A more visual timeline chart, instead of paragraphs or bullet points may be more attracting, but anyway you add it its fine.

10. Conclusion

Introductions such as the executive summary and conclusions can sometimes be the most difficult parts of a document to write; or even present on. However, a business plan without a conclusion is kind of like leaving an opportunity out on the table.

It is a good way to summarize your thoughts, the value of the plan and strategy and to demonstrate the importance of your plan. Ultimately, your opportunity to make a good final impression and to end on a positive note. (Especially if you will be presenting this plan verbally)

So gather the most important factors and highlight the projected results once again, to formalize the plan and give it a strong ending.

Presenting the Plan – The Pitch | Proposal

For the most part, business plans aren't just handed over to a stakeholder and left there. In addition to providing a document, most often a presentation or proposal meeting will take place. This is your opportunity to impart your passion into your audience and get them bought in.

Something that is very important to keep in mind:

No one else will ever be as passionate about your business, product or services as you are.

In order to do a great pitch or proposal presentation, it is important that you understand the individual motivations of the stakeholders in the room. Think about some of the following things:

- Are they great technologists?
- Are they great sales people, or marketing people?
- What is their motivation, how are they compensated?
- What are their biggest drivers?

All of the above will be a reflection on how they respond to you. Learning about their personalities, and asking these questions will help you decide how to tailor the message.

Your content should focus on concisely getting your point across, you have to pick the major differentiators and highlight them. If you are doing a business plan on a certain technology for example, you need to know you aren't the only person interested in this, you have competition, you have an existing market. It may not be a good use of your time to focus on educating your stakeholders on the technology or product rather, focus on your differentiators within the offering. (Goes back to what the value proposition is)

Ultimately, you will need to package these ideas together to tell a story. If your product is solving a problem that people will relate to, you might start by identifying a common pain point in the room. There doesn't necessarily have to be a pain point to tell a story, you just have to make things fit together and creatively give the audience something to remember.

Decide on your story, outline and create it. Identify a purpose for the presentation, a sticking point, and re-emphasize it throughout the presentation.

Lastly, bring passion to your story; inject your personality and the value proposition throughout.

Additional Resources

- [Business Plan Samples by Industry](#)
- [Business Model Canvas](#)
- [Elements of a Business Plan](#)
- [How to Write a Great Value Proposition](#)
- [SWOT Analysis for your Business](#)
- [Business Plan - Your Financial Plan](#)
- [Writing the Financial Section of your Business Plan](#)
- [Structure Your Presentation Like a Story](#)
- [5 Essential Tips for Business Storytelling](#)

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