

**Example: Business plan outline**

- a. Executive summary
- b. Problem definition
- c. Solution
- d. Business model
- e. Product and technology
- f. Marketing and sales
- g. External environment and competition
- h. Management team
- i. Financial projections and key metrics
- j. Current status, use of proceeds and milestones
- k. Risk analysis

a. Executive summary

While the executive summary is the opening section in your business plan, draft the other sections of the business plan first, and then write your executive summary. This approach will allow you to be thorough and distill your company's key strengths. For this reason, details and activities for developing an executive summary are located at the end of this workbook guide.

b. Problem definition

The goal of this section is to get potential investors excited about your product or service. You must convince investors that there is a problem in the marketplace that is not being addressed by currently available solutions. The key message to convey is how your company will achieve and sustain market power. Ensure that the investors understand why the problem is important, as well as the customers and their needs.

Consider the following questions when writing this section:

- What is the market your product or service will address?
- Is there a particular niche in the market that you should focus on first?
- What problem does your product or service address?
- How should you price your product or service?
- Who are the potential customers? What is their profile?
- How will you get the product or service to your customer?

The workbook template includes the following headings:

Market Overview: Provide an overall description of the market you are in or are planning to enter.

Market Background: Provide the context for your market, including market size, market growth rates, demographics, psychographics, needs and trends, buying patterns, preferences and barriers to entry. Use third-party data to support your claims.



Learn more about [market research techniques](#).

Market Challenges: Based on the data, provide the relevant analysis for your product or service, and focus on some unique issues that can be solved.

Market Opportunity: Bring the section together by articulating the opportunity and setting the stage for your product or service. Some people call this the “pain” in the marketplace. Ensure that the reader understands the problem your company is solving or what need is being fulfilled by your solution.



You will have documented this information in [Market Strategy Development Workbook 1: The Analytical Foundation](#).



Write the problem definition for your venture in the corresponding section of the Business Planning and Executive Summary workbook template.

c. Solution

The solution is a summary statement that describes your product or service and how it will solve the problem in the marketplace. Describe the solution from the customer’s perspective. It should include the following information:

- details of your product or service and why it is unique
- any special features and benefits of your product or service
- any related intellectual property (IP) that you own or other barriers to entry for the competition



Refer to the information you have documented in [Market Strategy Development Workbook 2: Critical Value Factors](#).





Write the solution for your venture in the corresponding section of the Business Planning and Executive Summary workbook template.

d. Business model

A business model describes an organization's value to its customers. It illustrates the capabilities and resources required to create, market and deliver this value and to generate profitable, sustainable revenue streams. The business model is important because it describes how you will make money with your venture.

Most of the information you require to describe your business model will have been developed in **Market Strategy Development Workbook 2: Critical Value Factors** and **Market Strategy Development Workbook 3: Strategic Marketing Approach**.

This section should include the following details:

- how your business model works
- the value proposition
- the target market
- key partnerships
- pricing and positioning
- the distribution model



Refer to the information you have documented in [Market Strategy Development Workbook 2: Critical Value Factors](#).



Describe your business model in the corresponding section of the Business Planning and Executive Summary workbook template. If you have a diagram or chart that illustrates your business model, record it here as well.

e. Product and technology

Describing your product or service provides potential investors with a sense of its key attributes and why it is unique. This section delves deeply into the technology. It is often referred to as the “underlying magic” or “secret sauce” behind your technology. Frame the information from the customer’s perspective. Use more diagrams and charts in this section rather than text.

This section should include the following information:

- a summary of the planned IP strategy
- highlights of the potential barriers to entry for the competition
- licenses
- key information from white papers or technology summaries



Read more about [intellectual property protection](#).



Describe your product and technology in the corresponding section of the *Business Planning and Executive Summary* workbook template.

f. Marketing and sales

Market adoption and sales are the true measures of success. Clearly convey your strategy and tactics to penetrate the market and drive sales. Potential investors want to understand your customer awareness and buying stimulus programs from the customer’s and salesperson’s perspective. If you are not currently selling your product, explain your product launch plans. Convince the audience that you have an effective go-to-market strategy that will not break the bank.

Include the following key points:

- What is your go-to-market strategy?
- How will you drive market demand for your product?
- What is your branding strategy?
- What is your pricing strategy?
- What is your marketing communication plan?
- How will you recruit and build your sales force?
- What is your distribution plan?
- Who will be your key partners?
- What is your customer retention strategy?
- Who are your largest customers?



Refer to the information you have documented in [Market Strategy Development Workbook 2: Critical Value Factors](#) and [Market Strategy Development Workbook 3: Strategic Marketing Approach](#).



Describe your go-to-market strategy in the corresponding section of the Business Planning and Executive Summary workbook template. Use the information from the Market Strategy Development workbook guides that is indicated in the bullet list above.

g. External environment and competition

This section includes an analysis of the external environment. You can include the Political, Economic, Social and Technology analyses from the **Market Strategy Development Workbook 1: The Analytical Foundation**.

This part of your business plan also involves a thorough competitive analysis. Provide an overview of the key competitors in the space. Include a description of their products, pricing strategies, go-to-market strategies, and any strategic alliances and partnerships. Articulate the competitive advantage of your business model versus the competition.

A product comparison matrix visually represents how your product fits into the market, your product attributes and how it will beat the competition. Use the following example of a competitive matrix as a guide.

Feature	Our Company	Competitor #1	Competitor #2
Feature 1	✓	x	✓
Feature 2	✓	x	x
Feature 3	✓	✓	x
.....	✓	x	x



Refer to the information you have documented in [Market Strategy Development Workbook 1: The Analytical Foundation](#).



Describe the external environment and competition in the corresponding section of the Business Planning and Executive Summary workbook template



Include your PEST analysis in The Business Plan and Executive Summary workbook template.



Complete the competitive matrix included in The Business Plan and Executive Summary workbook template.

h. Management team

This section demonstrates that you have a capable, ambitious and trustworthy management team. You may hear investors say that they have invested in a winning team, which they have either worked with before or who have had some prior entrepreneurial successes. Investors will often look for a management team with the following attributes:

- **Balance:** Depending on the company's stage of development, the management team will contain a mix of technical, sales and marketing experience. The CEO may be the founder or may be hired later as the company gets financing.
- **Domain knowledge:** Assure the investors that you know your domain deeply at a macro- and at a micro-level.
- **Experience:** The management team's biographies and CVs should highlight the relevance of their backgrounds to the venture.
- **Ambition:** Demonstrate that you are aligned with the goal of capital gains. Investors want to see a business that has the potential to scale and that you are prepared to do what is necessary to accomplish this goal.



To read more about how to write great bios for the executive team, see the relevant section in [HR Management Workbook 1: Building an A-Team](#).

Investors also want to understand how you will ramp up your company as you grow and take on financing. Consider including a section that summarizes the key hires

over the next 12 to 18 months. The Hiring Calendar in **HR Management Building Block 1** is a great supporting tool for this section.



Write an introductory paragraph for each management team member that captures the key points discussed in the corresponding section of the Business Planning and Executive Summary workbook template. Include biographies and CVs in the appendices to the business plan.

i. Financial projections and key metrics

Cost, revenue and cash flow projections will determine the amount of funding required. Describe plausible, value-enhancing stepping stones and tie them to the sales plan. The business plan should drive the budget, not the other way around.

Your goal is to describe the growth rate of your business, how long it will take to reach break-even and profitability, resources required to get there, and your funding requirements to achieve your plan. Ideally, you can provide two sales scenarios based on a high and low case to show the sensitivity and range for your plan.



Have your accounting professional prepare your income statement, balance sheet and cash flow. Include them in the corresponding section of the Business Planning and Executive Summary workbook template.

j. Current status, use of proceeds and milestones

In this section, describe how much money you need, what you will do with the funds, how long the money will last and what value-enhancing milestone the funds provide. If this funding does not provide you cash to profitability, then ensure that the investors understand what value will be created in the company so that you can raise additional financing at a higher valuation.

List your accomplishments, detailed information about how you have financed your organization, the amount of money you would like to raise and how you plan to use the investors' cash. This is your implementation roadmap. You can provide this information using the following table format.

Table 1: Sources of Funding

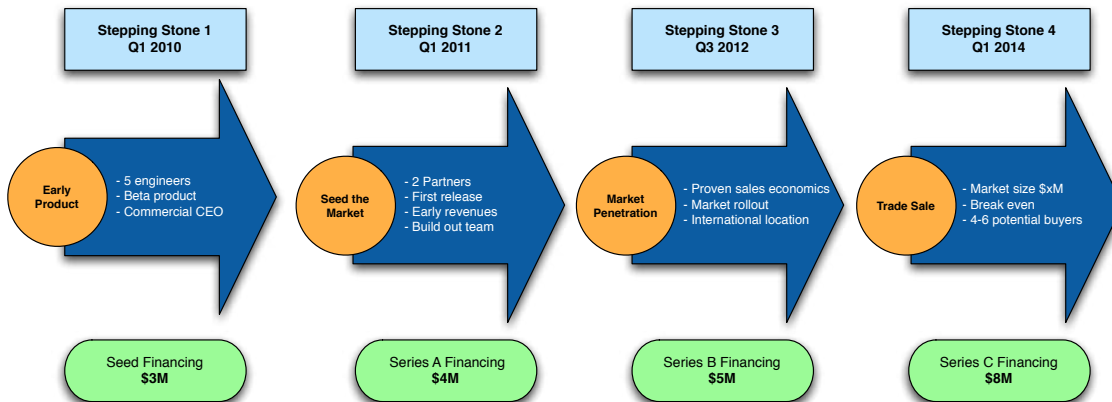
Source of funding	Existing financing (\$ amount)	Projected financing (\$ amount)
Investment by principals		
Equity investments by angel investors		
Equity investments by VCs		
Debt financing		
Cash flow from operations		
Total funds		

Table 2: Use of Proceeds

Use of Proceeds	\$ Amount
Sales and marketing	
Research and development	
Recruiting costs and salaries of new hires	
Equipment	
Capital expenses (e.g., office build-out)	
Legal and accounting	
Total uses	

These should align with the financial statements that you have included in the previous section.

Provide investors with the milestones you plan to achieve with the funding and how these milestones will increase the company's value. A timeline is a useful visual representation that details the milestones you will achieve and the funding required to reach those milestones. Consider the following example:



Record the information for your company in the table provided in the Business Plan and Executive Summary workbook template.



You will have created a timeline chart as directed in section 4 of [Business Planning and Financing Management Workbook 1: Developing a Financing Strategy for Your Company](#). Retrieve the chart from the Finance Workbook 1 workbook template and include it in the corresponding section of the Business Plan and Executive Summary workbook template.

k. Risk analysis

Seasoned entrepreneurs and investors know that things rarely unfold as planned. Investors want to understand the risks, and that you have thought about those risks and have a plan to address them should they occur.

Think about the critical success factors for the business. Critical success factors (CSFs) are statements that identify what must be done to overcome challenges or maximize the opportunities identified in the business plan. The CSFs should answer the question, "What must we do to be successful?" List three to four CSFs for your business.

Use a simple table that outlines the key risks that could detract the business from achieving the plan. Think about the five to ten key risks to the business and what you will do to mitigate each risk.

Type of Risk	Risk	Mitigating Strategy
Product Risk	The product won't work	We have a backup product
Market Adoption Risk	The customers won't buy it	We have completed market research to position the product
Market Size Risk	The market is smaller than we estimated	We have identified additional markets for future growth
Competitive Risk	The competition may lower their price to protect market share	We have built in enough value to command a premium price
Financing Risk	We may not be able to sufficiently finance the company	We have developed alternate financing scenarios to ensure that we meet the key milestones
Execution Risk	This is the first early-stage venture for the management team.	We have supplemented our team with industry leading advisors



Record the critical success factors (CSFs) for your business in the corresponding section of the Business Plan and Executive Summary workbook template.



Complete the risk template that is included in the Business Plan and Executive Summary workbook template.

Writing the Executive Summary

The executive summary is a standalone document that is often provided first to a potential investor.

The goal of the executive summary is to get potential investors sufficiently interested in your business opportunity to dig further into your business plan or take a meeting and hear your presentation. Investors see many opportunities so your executive summary must stand out in the first few sentences.

Think of the executive summary as your business plan in two pages. We have adapted the following outline from Guy Kawasaki's *Reality Check*. The headings cover the components that should be included in the executive summary.



Example: Executive summary outline

- **Problem:** What pressing and important problem are you solving or what opportunity are you addressing?
- **Solution:** How are you solving this problem or tapping this opportunity?
- **Business model:** Who are your customers and how will you make money?
- **Product and technology:** What is your product or technology? What is the underlying magic? What makes your company special?
- **Marketing and sales strategy:** What is your go-to-market strategy?
- **External environment and competition:** Who do you compete with? What can you do that they cannot? What can they do that you cannot?
- **Financial analysis and projections:** What are your financial projections for the next three to five years? What are your key assumptions and metrics to achieve these projections?
- **Team:** Who is on your team? Why are they special?
- **Implementation roadmap:** Where are you now? What are the major and immediate milestones?

Since the executive summary is a standalone document, it should be more attractively designed (e.g., colours, graphics, layout) than the rest of the business plan document.

The following example shows an effective executive summary.

Easy Music Executive summary										
<p>Contact Information: Name Title Address Phone Number Email</p> <p>Industry: [Provide an outline of your industry and segment]</p> <p>Development Stage: [Start-up, early-stage, pre-revenue, commercial]</p> <p>Year founded: [Include year]</p> <p>Funding Opportunity: [State amount you'd like to raise]</p> <p>Use of Proceeds: [% product development % sales and marketing % operations % other]</p> <p>Financial Analysis & Projections: [Summarize key metrics]</p> <p>Implementation Roadmap: [where are you now and what are the major and immediate milestones]</p>	<p>Easy Music Easy Music has developed a game changing approach to digital music management.</p> <p>Problem: Over 2 million songs are illegally downloaded every day through file sharing programs. Music companies are losing over \$1 billion in revenues each year. Consumers want to sort and store their current music library digitally and make it available for mobile use, however, they are worried about being sued for infringing copyright violations. Clearly, a new approach is required.</p> <p>Solution: Easy Music has developed a proprietary software player that allows consumers to organize and manage their existing library. We've also negotiated exclusive licenses from 2 of the major music companies and will sell individual songs or albums on our online music store.</p> <p>Business Model: How our business model works:</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Business Model</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">INFRASTRUCTURE</th> <th style="text-align: center;">OFFERING</th> <th style="text-align: center;">CUSTOMER</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <p>Partner</p> <ul style="list-style-type: none"> •With music companies •With Paypal and credit card companies <p>Key Resources</p> <ul style="list-style-type: none"> •Online retail infrastructure and software interface <p>Key activities</p> <ul style="list-style-type: none"> •Managing Platform •Continuously adding new content <p>Cost Structure</p> <ul style="list-style-type: none"> •Royalty to music company •Credit card fee to supplier •Infrastructure cost </td> <td style="vertical-align: top;"> <p>Online purchase of digital music</p> </td> <td style="vertical-align: top;"> <p>Customer Segment</p> <ul style="list-style-type: none"> •Consumer purchasing digital music <p>Distribution Channel</p> <ul style="list-style-type: none"> •Via online music store </td> </tr> <tr> <td colspan="2" style="text-align: center;"> <p>FINANCE</p> </td> <td style="vertical-align: top;"> <p>Revenue Streams</p> <ul style="list-style-type: none"> •Revenue from online sale of music </td> </tr> </tbody> </table> </div> <p>Product & Technology: We have developed proprietary software that allows users to manage their music library. Our interface is the only one on the market that connects seamlessly with market leading digital media players.</p>	INFRASTRUCTURE	OFFERING	CUSTOMER	<p>Partner</p> <ul style="list-style-type: none"> •With music companies •With Paypal and credit card companies <p>Key Resources</p> <ul style="list-style-type: none"> •Online retail infrastructure and software interface <p>Key activities</p> <ul style="list-style-type: none"> •Managing Platform •Continuously adding new content <p>Cost Structure</p> <ul style="list-style-type: none"> •Royalty to music company •Credit card fee to supplier •Infrastructure cost 	<p>Online purchase of digital music</p>	<p>Customer Segment</p> <ul style="list-style-type: none"> •Consumer purchasing digital music <p>Distribution Channel</p> <ul style="list-style-type: none"> •Via online music store 	<p>FINANCE</p>		<p>Revenue Streams</p> <ul style="list-style-type: none"> •Revenue from online sale of music
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Marketing & Sales Strategy:

Our software interface will be bundled with leading computer manufacturer's offering. Our partners in the music industry will promote their content and direct consumers to our online store. We will also supplement these tactics with direct-to-consumer advertising.

Competition:

Our competition has some components of our total offering, but only Easy Music addresses all of the key issues in the marketplace.

Competition				
FEATURE	Easy Music	Competitor 1	Competitor 2	Competitor 3
Software Interface	✓	✓	✓	✗
Online Store	✓	✗	✗	✗
Access to music libraries	✓	✗	✗	✓
Interface with digital media player	✓	✓	✗	✗
Our solution uniquely addresses all of the current problems in the marketplace				

Team:

Joe Entrepreneur (CEO) founded Easy Music after successfully selling his previous company to a leading music company. Joe has recruited John Engineer as the CTO and Jim Marketing who have previously worked together at Company X. The Board includes executives from music companies and successful on-line bookstores.

Easy Music has developed a proprietary music player and is poised to launch an online music store. Our solution will change the way music is distributed to consumers and addresses some of the key problems in this large and growing market.

The following articles provide additional insights on drafting an executive summary.



Read more about [the executive summary](#).



Read more about [the executive summary template](#).

Now that you have completed the workbook guide and most of the workbook template, you have all of the material required to write a compelling business plan. As previously mentioned, one person should draft the document and then circulate the draft to key advisors to get their input. Once you have finalized the business plan, you can complete the workbook template and write your executive summary.



Write your executive summary in the corresponding section of the Business Plan and Executive Summary workbook template. Provide your draft to a few close advisors for review. Can they explain the essence of your business after reading it? Are they excited to learn more about your business?