Business Plan Composition

1. Executive Summary

-The executive summary is used to summarize your business. It should be between 1-2 pages long, use simple vocabulary, not very much detail, and have references to other sections in the business plan. I like to include a brief history of the business in this part of the business plan as well. This section is meant to be read by “executives”. Many executives only read this part of the plan.

2. Market Analysis

- Test Market: This part of the business plan should cover where you are testing your business, and why you chose that area.

- Target Market: This part of the business plan needs to address who your product or service is for. It should also explain why you are targeting them. If you have future markets you should mention them in here as well.

- Market Size: This section is meant to give investors an idea of how big your market size is. They need to know this because this can effect growth, and company valuation.

- Competition: This section addresses who you are in direct, and indirect competition with. It is important to mention your biggest competitors, and to illustrate why you are better then them.

3. Product or Service

- This section is used to describe your product or service. You want this section to sell readers on your product. Talk about the value of your product.

4. Approach To Market

- This section of the plan explores how you are planning on selling your product/service. It should be systematic, and easy to understand.

5. Product Pricing

- This section is important if you are inventing some new product. You need to explain how you are planning on pricing it, and all of the assumptions that go into how you came up with the price.

6. Barriers to Entry

- This section is important because it explains how you are planning on controlling your market share. General barriers to entry include: supplier agreements, exclusivity agreements, patents, first mover advantage, etc.

7. Market Projections

- This section is used to describe how much you believe your company can grow. This section needs to match your financial projections.

8. Risk Analysis

- You need to explain what risks you face. Be honest. Investors will find out eventually.

9. Exit Strategy

- This part of the plan needs to explain how you are going to get out of the business. Include this even if you intend to always keep the business. Investors will read this section.

10. Management Team

- This portion of the plan explains who is on the management team. It discusses their experience, and the roles that they will have in the company. This section is very important. Include people who are your advisors as well.

11. Operations plan

- Sales Logistics: This part explains how you are going to sell the product/service. It explains the process of the sale with great detail.

- System Process: This part talks about your operational process, and breaks everything down in chorological order.

- People Plan: This part of the business explains when you are going to hire people, why you’ree hiring them, and how much you will have to pay them. Your hiring plan needs to be reflected in your financial model.

12. Financial Assumptions:

- This section explains how you come up with the numbers in your financial model. It needs to include: sales projections, cost of goods sold, accounts receivable, accounts payable, unknown cost assumption, funding, etc.