



BUSINESS PLAN OUTLINE

DETAILS OF EACH COMPONENT OF A BUSINESS
PLAN

Abstract

A TYPICAL BUSINESS PLAN CONSISTS OF 8 SECTIONS. The exact detail to be included in each section has been carefully outline.



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Details of what to Include in a Business Plan Outline

The 8 sections of a business plan are discussed in detail;

Executive Summary

The executive summary will follow the title page. The summary should tell the reader what you want. This is very important. All too often, what the business owner desires is buried on page eight. Clearly state what you want in the summary.

Although the executive summary comes as the first business plan section, I recommend writing it after everything else is done, so you know exactly what appears in the rest of your business plan.

Within that space, you will need to provide a synopsis of your entire business plan. Key elements that should be included are:

- **Business concept.** Describes the business, its product and the market it will serve. It should point out exactly what will be sold, to whom and why the business will hold a competitive advantage.
- **Marketing features.** Highlights the important financial points of the business including sales, profits, cash flows and return on investment.
- **Major achievements.** Shows any developments within the company that are essential to the success of the business.
- **Financial requirements.** Clearly states the capital needed to start the business and to expand. Details of how the capital will be used, and the equity, that will be used for funding. If the loan for initial capital will be based on security instead of equity, you should also specify the source of collateral.
- **Current business position.** Show relevant information about the company, its legal form of operation, when it was formed, the principal owners and key personnel.

Company Description

The company description usually begins with a short description of the industry.

When describing the industry, discuss the present outlook as well as future possibilities. Include information on all the various markets within the industry, including any new products or developments that will benefit or adversely affect your business. Base all of your observations on reliable data and be sure to footnote sources of information as appropriate.

This is important if you are seeking funding; the investor will want to know how dependable your information is, and will not risk money on assumptions.

After this, describe your business.

When describing your business, concentrate on its structure. That is, the type of operation, whether wholesale, retail, food service, manufacturing or service-oriented. Also, state whether the business is new or already established.

Show how your business is going to be profitable. Factors that support your profitability can be mentioned briefly. You may also add the suppliers you will be working with, your choice of location and why you made the choice.

Products and/or services

Clearly state the products and services your business will provide.

Use simple terms.

In addition, describe how the company's products and services will differ from the competition. Also, describe why your products and services are needed.

If you have any patent, copyright, or trademark or have applied for any, also list them.

Usually, the products and services section is usually long but it depends on the nature of your business. If your business is product-focused, you will need to spend more time describing those products.

If you plan to sell an item the success factor will be the pricing. If the product you want to see is in the market already, what will determine your success may not be the item itself but your ability to market the product in a cost-effective way more than your competition.

However, if you are creating a new product (or service), explain the nature of the product, its uses, and its value thoroughly otherwise your readers will not have enough information to evaluate your business.

To evaluate this section, you need to answer these key questions:

- **Are products or services in development or existing?**
- **What makes your products or services different?** Do you have any competitive advantage over your competitors?
- **What is the price?** Will your operating cost allow you a reasonable profit margin?
- **How will you get your products?** Are you the manufacturer or do you assemble products? Is there a steady supply of products?

Remember, the primary goal of your business plan is to convince you that the business is viable--and to create a road map for you to follow.

When writing the Products and Services section, think of your reader as a person who knows little to nothing about your business.

It answers the "what" question for your business. What are your products and services?

Operational plan

The operations plan is used to describe how the business functions on a daily basis. It highlights the logistics of the organization.

In addition, you get to represent the tasks assigned to each division within the company, the capital and expense required for the operations of the business.

The operational plan covers the following areas;

- Location/Logistics of your business
- Transportation if you are into sales
- Legal — Do you need a License? Do you need to join a union or other professional organization?
- Inventory — if you're selling a product, where will you need to store it?
- Providers/Suppliers/Freelancers — Detailed contact info/pricing for anyone you're outsourcing to.

Also, you will plan on the operating expenses and cost of the inventory.

Marketing Plan

This shows a description of the [marketing strategy](#); how you intend to make customers buy your product/ service, advertising/promotion, pricing strategy, sales and distribution.

Describe your Product/Service: Describe how it will benefit your customers and keep competitors apart.

Pricing: How do you intend to price your product or service? Fix a competitive price that will attract customers but also high enough to cover costs and generate profit.

Sales and Distribution: Describe how you will distribute your products to the customer. Will you be selling wholesale or retail? What type of packaging will be required? What methods of payment do you accept?

Advertising and Promotion: Write out how you will pass your message to your customers whether it will be via business website, email, social media, traditional media like newspapers. Will you use sales promotions? List them out here.

This section demands that you know your target market thoroughly. Know if there is enough demand for your product in the target market, your competitive advantage over competitors including how your business will survive and compete in that sector.

Narrowing it down to bullet points, it entails:

- Defining the target market for your product
- Describing why our product is needed. Describe any helpful barriers to entry that may protect your business from competition, such as access to capital, technology, regulations, employee skill sets, location, etc
- Estimating the overall size of the market, the units of your product the market might buy, repeat purchase volume, and how the market may be affected by economic or demographic changes.
- Estimating the volume and value of your

Organization and Management

The section of the business plan outline will include an explanation:

- Your management team
- Management philosophy
- Backgrounds
- Organization and functions
- Plus at least one table that covers your estimated personnel costs

The management chapter starts with a good summary. To get a good summary, imagine that you are using that summary as part of a memo or loan application document, so cover the main points. So, consider what you would say about your management if you only had one or two paragraphs to say it.

Make sure you cover the basic information first. That includes how many employees the company has, how many managers, and how many of the managers are founders. Is your organizational structure sound, job descriptions and logical responsibilities for all the key members? Is your team complete, or are there gaps still to be filled?

For start-ups, you may not have the complete team as you write the plan. In that case, point out the gaps and weaknesses and how you intend to fill them.

Explain your organizational structure

The organizational structure of a company is the organizational chart that shows how management and responsibilities is shared. If you have access to a graphic of an

organizational then use it, if not, you can just use the text to describe the organizational structure in words, without a chart.

List team members and their backgrounds

List the most important members of the management team, summaries of their backgrounds and experience, and describe their roles in the company. You may also add their resumes.

Other management team considerations

Different companies have some specified rules that their management teams should abide by, they include:

- Can managers or employees have personal alliance/ agreements with competitors?
- Who is on your board of directors?
- What do the members contribute to the business?
- Who are your major stockholders? What is their role in management?

Develop your personnel costs

It is very important to have a personnel cost column in your plan. This puts everything in perspective and portrays you as serious in the face of investors. They are direct compensation and indirect costs other than salaries and commissions.

The **indirect costs include** vacation pay, sick pay, insurance benefits, education, payroll taxes and some other costs.

Financial Plan

The financial plan will include forecasts of all the revenues, expenditures including salary, wages and commissions for at least 3 years. The sources of the proposed revenue will also be listed explicitly.

Revenue/Sales Forecast

Expected revenue and sales for the next 1-3 years, broken down into month-by-month increments for at least the first year.

Expenses, Projected Profit and Loss, Projected Cash Flow, Projected Balance Sheet, Business Ratios etc are documents to be prepared.

- **Balance Sheet:** Describes the company cash position including assets, liabilities, shareholders, and earnings retained either to fund future operations or to serve as funding for expansion and growth. It indicates the financial position of a business.
- **Income Statement:** Also called a Profit and Loss statement, this report lists projected revenue and expenses. It shows whether a company will be profitable during a given time period.
- **Cash Flow Statement:** A projection of cash receipts and expense payments. It shows how and when cash will flow through the business.
- **Operating Budget:** A detailed breakdown of income and expenses; provides a guide for how the company will operate.
- **Break-Even Analysis:** A projection of the revenue required to cover all fixed and variable expenses. Shows when, under specific conditions, a business can expect to become profitable

This section usually requires you get the help of a professional financial consultant. This will enable you get accurate projections and figures after studying your business a bit.

Appendix

Not every business includes an appendices section. However, it is especially used by companies that seek investors and funding. It contains 2 very important features

1. Monthly Financial Forecasts
2. Additional Documentation: This includes any information or document, which is deemed very important, but you failed to include it in any of the sections listed above can be added here.

You may decide to include, as additional information:

- Resumes of key leaders
- Additional descriptions of products and services
- Legal agreements
- Organizational charts
- Examples of marketing and advertising collateral
- Photographs of potential facilities, products, etc.
- Backup for market research or competitive analysis
- Additional financial documents or projections.

Here ARE THE KEY COMPONENTS OF THE Business plan, however, if you still need help writing your business plan, contact [Business yield Consults](#).

We also have [a sample Business plan](#) on the site; you can use it as a guide in writing yours.

