

How to write a great business plan*

Writing a business plan encourages you to focus on effective ways to grow your business and acts as a road map for your future growth.

It helps you to clarify your objectives, identify strategic directions and set target goals. It can also assist you with growing your business and securing funding.

Planning your business strategy

Before you start working on your business plan, describe what the plan is for. Reasons may include adding it to a funding application, wanting to document the ideas in your head or using the plan as a blueprint to coordinate the growth of your business.

- Involve your employees. Let them in on the planning process to get both their insights and their buy-in to the plan. They may have some great ideas and including them in this process can improve their overall work satisfaction.
- Keep your business plan realistic especially with estimating the future potential.
- Be professional. Write and present your business plan as if it's aimed at an outsider. Use a cover sheet with a photo of your store or product, include a contents page with section numbering and have the report printed and bound.

Your business plan contents

Although there's no set formula for writing a business plan, most business plans cover three broad areas:

- A synopsis of the business, its vision and its objectives.
- Market analysis.
- Financial data and projections.

You can download our Business Plan Template to get started.

Highlight your target market and competitors

Outline your target market, your customers and the other businesses you'll compete against in that market.

- Define the market in which you plan to sell and then focus on the segments of the market in which you compete. How large is each market segment? What's your market share?
- Describe the nature and distribution of your existing customers. Give a typical customer profile for each market segment you target.
- Define your principal competition. What are the advantages and disadvantages of their products and services compared with yours? Cover issues such as price, quality and distribution. Then explain your competitive advantage.

Outline your marketing and sales plans

Summarize your proposed marketing and sales activities, such as positioning, pricing and promotion.

Explain how you'll position your products or services in the market place. For example, are they:

- High quality and high price?
- Good value and durable?

What unique selling features do your products or services have and which of these features will you concentrate on?

- Explain how price sensitive your products or services are. Look at each product or market segment in turn. Identify where you make your profits and where there is scope to increase profit margins or sales.
- How do you promote your products or services? Do you use direct marketing, advertising or online marketing? What kind of a return have you been able to measure from these marketing efforts?

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- What channels do you plan to use to reach your potential customers? Compare your planned channels with your competitors. Outline any ideas you have, to improve your distribution.
- Analyze the cost efficiency of each of your selling methods, such as telesales, a direct sales force, agents or online. If you have a direct sales force, include all the hidden costs like management time.

Expand on your marketing by downloading the Marketing Plan Template.

Location

Review the capacity and efficiency of your operations and your planned improvements. For instance:

- Do you own or lease your premises?
- What are the advantages and disadvantages of the present location?
- Should the business expand, reduce the store size and focus more on online sales or move to a more prominent location?

Management and personnel

Set out the structure and key skills of your management team and staff. Identify any skill shortages, such as IT skills and your plans to cover these.

Past financial performance

Set out the historical financial information on your business for the last three to five years (if applicable). Break the sales figures down. For example, show sales of different types of products or sales to different consumer groups and highlight the gross margins.

Emphasize any major capital expenditure made in the period and explain the reasons for movements in profitability, working capital and cash flow and compare them with industry norms.

Forecasts

Provide forecasts for your next three years in business. Be sure to keep your formatting consistent with your past financial performance reporting for easy comparisons.

Clearly state the assumptions behind your forecasts. For example, if your plan states that the market is becoming more competitive, profit margins will probably be falling.

Download the Cash Flow Template to forecast ahead.

SWOT Analysis

Consider including a one-page analysis of strengths, weaknesses, opportunities and threats (SWOT) in your business plan.

For example, your:

- **Strengths** might include brand name, quality of product or management.
- **Weaknesses** might be lack of finance or dependency on a few customers.
- **Opportunities** might be increasing demand or a competitor leaving the market.
- **Threats** might be a downturn in the economy or a new competitor.

Download our SWOT Template and use it to analyze your business.

Future plans

Include your future business plans and how you intend to drive your small business forward. Define clear targets and timelines for these so that you know exactly what you want to achieve and by when.

Update your business plan

Review your plan at least once a year – revising and updating your plan will keep it relevant as a road map for your business.

Next steps

- Ask your accountant or business advisers to give you feedback on your business plan, to ensure your estimates are accurate.
- Use the Financial Return Calculator to understand the impact on changing profit margins and prices to cover overheads.
- Download our Business Plan Template to get started.
- Keep your business plan up-to-date. Make a note in your planner to refresh your business plan at least once a year.
- Use our [location finder](#) to visit a Store, call us on 1-855-278-8988 or [schedule an appointment online](#).

Important Disclosures

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