

Create a winning business plan

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A solid business plan can help you secure financing and win those crucial first customers. It can be your best asset, but a faulty business plan can create obstacles that could derail your new business before it has a chance to succeed.

This article, based on advice from entrepreneurs similar to you, can help make your business plan a winner.

Why is a business plan important?

What's in a business plan?

Creating a business plan, step by step

Business plan contents

Meet the success test

Practice your presentation

Why is a business plan important?

A business plan is a living document that describes how your business is constructed. It is very important, especially for a new business, because it:

- Helps you get a clear picture of each segment of your business.
- Allows you to see opportunities and take advantage of them; or, perhaps more importantly, to spot possible pitfalls and avoid them.
- Enables you to get expert opinions and make revisions, as needed, before applying for loans, hiring employees, choosing facilities, or making other major financial decisions.

What's in a business plan?

A good business plan should focus on the following factors:

- **People** – Who will support your business as employees, suppliers, or outside advisors? Who are your potential customers?
- **Opportunity** – What are your products/services, and who will buy them? How much can your business expect to grow? What obstacles do you face?
- **External Factors** – What are the “macro” trends that can affect your business – such as the economy, regulations, and industry trends?
- **Risk** – What are the potential pitfalls of your business plan, and how can they be overcome?

Creating a business plan, step by step

When creating a business plan, there are many overlapping tasks to handle. So organize a schedule to get them done.

- **Step 1.** Gather and review all the research and information on your target marketplace and industry.
- **Step 2.** Ensure that you have up to date financial data on prices, estimates, and goals.
- **Step 3.** Edit the business plan to make sure that the various sections of the plan are interconnected.
- **Step 4.** Invite informed, experienced business experts to review your business plan.
- **Step 5.** Make revisions, taking into consideration your expert reviewers' recommendations.

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Business plan contents

A business plan is a comprehensive document. It can be organized in many different ways, but this is a list of the typical items that a business plan includes:

1. Cover Sheet or Title Page

Keep your introduction to a single page, and include the:

- Name of the company
- Company address
- Company phone number
- Logo (if you have one)
- Owners' names, titles, addresses and phone numbers
- Website address, if the business has one
- Month and year in which the plan is issued
- Name of the person who prepared the business plan

2. Executive Summary or Mission Statement

Prepare a one to two page overview of the plan. This should include the name and purpose of the business, as well as its legal structure, financial requirements, and your debt repayment plans.

3. Business Description

Develop one to two pages with the following information about the business:

- Overview of the business/Mission Statement
- Name of the company
- Products or services including any original products or services that are patented or copyrighted
- Legal structure
- Location
- Management

4. Business Model

Provide an overview of how your company will do business, make money, and operate within an industry, including:

- Value proposition
- Target market
- Value chain
- Cost structure and target margins
- Competitive advantage

5. Financial Plan

Provide a clear roadmap to your company's financial future, including:

- Income (Profit and Loss) Statement
- Cash Flow Statement (budget)
- Balance Sheet
- Three-year income projection
- Break-even analysis
- Actual performance statements, if available
- Summary of financial performance
- Summary of financial needs
- Assumptions and business ratios
- Sources and uses of funds statement

6. Market Analysis and Marketing Plan

Include specific details about:

- Market Analysis
 - Industry trends overview
 - Target market, plus additional markets
 - Competition
 - Target customer needs and how your product will satisfy them
- Marketing Plan
 - Pricing
 - Sales plan, internal sales management as well as third-party sales representatives or distributors
 - Advertising and promotion plans

7. Operations Plan

Describe:

- Design and product manufacturing
- Billing and collections process
- Distribution network
- Inventory control program
- Warehousing
- Shipping
- Record-keeping systems
- Insurance
- Security

8. Human Resources Plan

Explain:

- Management structure
- Human resources strategy
- Staffing requirements

9. Future Directions

Include a general description of how you expect the business to grow and what the likely next steps are for its:

- Expansion
- Purchase of, or partnership with, another company

10. Supporting Documents

Include:

- Resumes of key management executives
- Personal financial statements
- Credit reports
- Copies of leases
- Copies of other contracts
- Legal documents
- Miscellaneous information resources, including research reports, articles, and other documents

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Meet the success test

A good business plan passes the success test. These are the elements that experts identify as indicators signifying your business plan is well thought out and organized. For instance, is your business plan...

- A call to action?
- Easy to understand?
- Based on realistic projections?
- Complete with strategies to meet market changes?
- Developed with a concern for potential risks?
- A fair deal for management, investors, and customers?

Practice your presentation

Once your business plan is prepared, it's ready for you to present to the people who really matter – bankers, investors, attorneys, suppliers, and potential employees. All of them will want to know details about the issues that affect them. You need to be well prepared to answer all of their questions.

Develop three versions of your business plan.

- **1-2 minute version** – Include the concept, start date, customers you are targeting, and specific needs.
- **5-10 minute version** – Include information about your target audience, current stage of preparation, resources on hand, general timetable, as well as specific needs.
- **60 minutes or more version** – the formal presentation for potential financial partners, suppliers, and others.

Ask one or more close business associates who have not been involved in preparing your business plan to let you present it to them. Have them ask you questions on the presentation.

Then, ask for their feedback on your presentation.

- Did you seem comfortable?
- Was your voice clear?
- Did you seem knowledgeable?
- Were you able to answer all of their questions?
- What advice would they give you to improve your presentation?

Take a bow. You're ready to put your new business plan to work.

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