

Your Business Plan



A company's business plan is one of its most important documents. It can be used by managers and executives for internal planning. It can be used as the basis for loan applications from banks and other lenders. It can be used to persuade investors that a company is a good investment. For start-up ventures, the process of preparing a business plan serves as a road map to the future by making entrepreneurs and business owners think through their strategies, evaluate their basic business concepts, recognize their business's limitations, and avoid a variety of mistakes. Virtually every business needs a business plan.

"By its very definition, a business plan is a plan for the business, clarifying why it exists, who it exists for, what products and services it provides these client groups, how it intends to develop and deliver these products and services, and where it is headed."

— **Gale Encyclopedia of Small Business, 2002.**

Elements of a Business Plan

All business plans are different. The type of business you start will determine the format of your plan. Most business plans include the following information:

- Introductory Narrative
- Description of Business and Structure
- Details Specific to Your Business (optional)
- Market Analysis
- Financial Plan

We suggest you read sample business plans and business plan templates on **Gale Virtual Reference Library** before beginning your business plan. Access *Business Plans Handbook* via **Gale Virtual Reference Library**.

Introductory Narrative

This section of the business plan is sometimes called the "Executive Summary," and can include a general introduction, a mission statement, goals and objectives, and a description of products and services. This can be the most important part of the business plan; it is your chance to make a strong first impression. It should be concise but effectively summarize key information in your plan including major industry and market information as well as key financials.

Description of Business and Structure

This section includes detailed information about how your business will run day to day. It will also include a detailed description of products and services. It may include management structure, location(s), supply chain, logistics, and other information specific to day to day operations.

Details Specific to Your Business (optional)

Contents of this section are determined by your specific business. It may include a sales plan, marketing plan, production plan, implementation schedule, and other details.

Market Analysis

Most of the research you do in the library will be presented in this section. It should include: current industry data and trends, market and demographic data, a competitors report, and other raw data. It should end with an explanation of how you will use this data to market your product or service successfully.

Financial Plan

This is the hard numbers section. It includes specific numbers and projections for financial statements, bank loans, methods of repayment, tax returns, start-up costs, projected income, projected cash flow, and projected balance statements. Some of this information is available from the library. Some information will be based on your knowledge of your specific industry and finances.

Notice that only the final two sections of the business plan require library research. While we can show you resources and examples that may help, the majority of your information will come from your knowledge of your industry, your ingenuity and discussions with your loan officer.