

How to write a business plan

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An important aspect of writing a business plan is knowing who the audience is. Are you writing it as a way to clarify your own thoughts? Are you using it to receive external funding? (If so, be careful. You may find that funding but only if you give up some control. The goal shouldn't be growth and funding, but creating value and good management!) Or is it a marketing tool? Whilst any business plan should be tailored to the right audience, there are several common themes that we can list.

1. The plan should start with an **executive summary**, but this should be written at the end of the exercise. It should quickly capture the key message from the entire document including you aims and financial targets.
2. Outline the **vision** – explain what you are trying to achieve and why you are equipped to do it. It should be a unifying goal that can be easily communicated and used as a focal point. According to Andrew Schrage a vision statement should “state where the company wants to be in the near future, and it also must have a level of excitement and motivation to it”.¹
3. The **company background** should explain the history of the company, where it is located (especially the headquarters), what its legal position is (i.e. limited liability, non-profit, registered charity etc), and any current key financial information (such as sales and profit). If the background of the owner is crucial to the company as a whole this should be included (such as work experience, training received, qualifications, and education). You should be clear what your resources, expertise and passions are.
4. A list of **products and services** including a description of what needs they are satisfying and the source of value. Any relevant technology (such as patents) can be included as well as an overview of supply chain management, management information systems being utilised, and operations management. If necessary, survey the research and development process and provide an indication of what is coming

¹ See Arline, Katherine, “What is a vision statement?” Business News Daily, December 11th 2014 [http://www.businessnewsdaily.com/3882-vision-statement.html accessed May 27, 2015].

through the pipeline. Brief sales information could also be included. If relevant, a discussion of legal and regulatory requirements should be provided. For start ups, this section should be devoted to a minimum viable product (MVP).

5. A brief **market analysis** is important. This includes data on the size and growth rate of the market as well as the specific customer segmentation you are targeting. You can include your own research (from sources such as desk research, surveys and focus groups). A summary of the main competitors and their own financial details is helpful, as well as an assessment of their strengths and weaknesses.
6. **Marketing strategy** – this is a list of what activities you will do, why, and the cost. It should also contain statements regarding the positioning, pricing, and promotion of the products and also sales strategy, forecasts, and disclosure of any partnerships or alliances. This is where you communicate the brand. It has become very important to integrate your marketing strategy with your online and social media activities.
7. **Financial strategy** – this is the key financial indicators, projected income statement, projected balance sheet, and any important financial ratios and cash flow analysis. Forecasts might be built from the performance MVP.
8. An overview of the **management team** should provide an organizational chart, biographies of key team members, and a discussion of plans for new hires. The functioning team should be kept small (3-5 people) but all have a clear focus on the plan. Having good management should be seen as a central part of the organization.
9. **Back up plan.** What happens if things don't go as you hope? What is your Plan B, and Plan C? Do you have additional sources of funding, and an exit plan?

Much of this advice is based on interviews conducted with Peter Manousakos. This chapter is due to be published in *An Applied Guide to Social Entrepreneurship* (forthcoming).

For more details see: <http://econ.anthonyjevans.com/books/books-edited/#socialentrep>