BUSINESS STRATEGY & GROWTH

Writing a Successful Business Plan

By Leyla Hussein • 22 October 2018

A founder once slid a business plan across the table to me that he had written three years earlier and never touched since. It described a company that no longer existed, chasing a market that had moved on, with financial forecasts reality had overtaken within months. He was proud of it. I gently pointed out that a business plan you write once and file away is not a plan. It is a souvenir.

Every business needs a realistic, working business plan. It is not only how you monitor your performance and **align your workforce**, it is also the document that can secure you external funding.

What a business plan actually is

In detail, it is a written document describing your business, its objectives, its strategies, the market it sits in and its financial forecasts. Plans work best when they are updated regularly, every four to six months or so, as the business grows, so the document becomes richer and more accurate as the year goes on rather than gathering dust. Every company should have one. A good plan surfaces the potential pitfalls before they arrive, structures your finances efficiently, focuses your effort on developing the business, and doubles as a measure of your success. It should answer how you intend to grow the company, when you will do it, who will play a part, and how you will manage the money.

A business plan breaks down into these sections:

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- **Executive summary.** Often the most important part, this is a synopsis of the whole plan, pulling the highlights from every other section. Its job is to explain the basics of your business in a way that both informs and genuinely interests the reader.
- **Business overview.** A summary of the business: its history, industry, vision, aims and objectives. It sets out who you are, what you offer and the market you want to reach, when you started or intend to start trading, and the type of business and sector. Make the vision, aims and objectives SMART: specific, measurable, attainable, relevant and timely.
- **Products and services.** Detail your portfolio. What are the benefits, and what makes them different from the competition? Why would the market choose you over anyone else? How will you protect your products? Include designs and images, and everything a reader needs to grasp the full extent of what you sell.
- **Markets and competitors.** Who are your customers and what drives them? Describe the market, its size, the current leader, how you have segmented it. Who are your competitors, and what are their strengths and weaknesses? Are you in an oligopoly, a monopoly, something else? These questions expose how competitive your chosen market really is.
- **Marketing and sales.** Describe exactly how you plan to **promote and sell** your products and services. How will you position your offer in the market? How will you market your unique selling point? What is your pricing policy and strategy, and how will you promote?
- **Management and personnel.** Outline the structure and key skills of your management team and your staff. What **leadership style** works best with your team? If you are seeking funding, your management team can be the deciding factor. Give the numbers, by department, describe what you will do internally and what you will outsource, and include any recruitment or training plans with timescales and costs.
- **Operations.** Outline your operational capabilities and any planned improvements, focusing on areas like location, production and technology. Do you have premises, and do you own or rent? Do you need your own production, or is outsourcing cheaper? Who supplies you? Cover the technology across the business too, the reliability and planned development of your IT, and be honest about the strengths and weaknesses.
- **Financial forecasts.** Translate everything you have said into numbers. If relevant, how much capital do you need, and how will you pay back any borrowing? What are your revenue sources? Forecast at least three years ahead, and include your sales forecast, profit and loss, cash flow, and your **contingency plans** alongside a risk analysis.

Who it is really for

Write your plan so that a complete outsider, someone with no connection to your business, could read it and understand exactly who you are, what you do and why you do it. By the last page they should grasp both your current position and your future plan of action. That outsider might be an investor, a potential merger, an employee or a business partner. The more detail you give, the more accurate the understanding, and the better the service and support you get back.