WHAT IS A BUSINESS PLAN? WHY DO I NEED ONE?

As an equine business owner a business plan is something that will really be the core of your business. It is essential to the creation of a new business or the expansion of a current business. This document is really a road map to your business’ success. Business plans formally state your businesses purpose, goals, how you will reach those goals, information about the business, and projections. A good business plan shows 3 and 5 year projections.

Business plans are so important for new businesses but established businesses will find them useful if they plan to expand and branch out. These documents are ever changing and are living documents.

This fact sheet will talk about the various sections included in a business plan, as well as some helpful tips on how to write a business plan for your business.

WHO IS YOUR AUDIENCE?

Most business plans are for financial baking. This means they are for bankers to read and determine if your business is something they want to invest in. Most likely your customers won’t see your business plan but they also play a role in the writing. Your employee’s and the different people associated with your business also play a part in the writing of the business plan.

PARTS OF A BUSINESS PLAN

There are several key sections to a business plan.

These key parts include; the Executive Summary, a business description, a market analysis section, a section on organization and management, a section on products or service line, marketing and sales section, a section about funding requests, financial projections, and an appendix. Not all business plans are alike. The sections listed are general areas but some business plans have more sections.
EXECUTIVE SUMMARY, BUSINESS DESCRIPTION, AND MARKET ANALYSIS

The first area of the business plan is the executive summary. The executive summary highlights your business, explains what your goals for the business are, and why you think your business will be successful. Commonly included areas are your mission statement, a brief overview of the business, growth information, what your product or service is, any financial information you want the reader to know off the bat, and any ideas about the future. The executive summary is basically an overview into your business plan. Since this is the first section of your business plan really sell your business. Talk about the strengths of your business and what sets you apart from the others. Since this is considered the most important part of your business plan, write it last. It is easier to reflect on what you have written and why it’s important and then write this area.

The next area is the company description. Here you should include background info on the owner or owners of the business. Explain the qualifications they have. Next, talk about the history of the business. When was it established? Why did you go into business? What is your product or service? What makes your product or service better than a similar one? These questions all should be answered in this section.

The next section of the business plan is the market analysis. This selection is all about your particular industry. You should write about what your particular industry is, the outlook of it, the important factors that influence your industry, the size of the target market, the market share you plan to have, your pricing structure, and a SWOT analysis (Strengths, Weaknesses, Opportunities, and Strengths).

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The next section is about your businesses organization and management structure. Here is where you discuss information about the people who work in your organization and their qualifications. A chart showing the management structure is a great idea here. Start with upper level management and work your way down the ladder. Describe each person’s impact on the business and maybe list their job description.

The next area of the business plan is all about your product or service! What exactly does your business offer or produce? Here you describe your services or products and how they are beneficially to the consumer. What do your products or services have that the others don’t? The main purpose of this section is to explain why your product or service will serve the needs of the consumer.

Marketing and sales is the next area of the business plan. Here you talk about the marketing strategy of your business. How will you attract and maintain a customer base? What types of promotion will you use? What print materials will best suit your business? How about web marketing and social media? The sales part is all about the plan of selling your product or business.
The next two sections of your business plan kind of go together and are very important to your business plan. This section on funding is only if you are seeking funding for your business. Here you talk about what the current funding requirement your business needs, followed by any funding needed for the next five years of operation. You then discuss how you use or plan to use the funds you are seeking.

The next area is the financial projection section. Here you discuss the math behind your business. If you are an existing business you would show your income statements, balance sheets, and cash flow statement for each year your business has been in existence. If you are a startup or an existing business most creditors want to see three and five year future projections. Here you should forecast your income statements, balance sheets, and cash flow statements. For the first year you should show monthly or quarterly projections. After that yearly projections are suggested. Make sure that you are consistent between your projections and funding request section. You want to use graphs and charts in this section.

The last area of your business plan is the appendix. This section is different for everyone. You would put any vital paperwork in this section. They would include but not be limited to: resumes, service pricing sheets, any contracts, employee handbooks, reference letters, market studies, building permits, and the list goes on and on.

We hope this overview helps you in developing your business plan. See the helpful websites on left!