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# WRITING YOUR BUSINESS PLAN

So, you want to start a business! Or maybe you already have. Well, there's a lot that goes into starting and launching a successful business. In fact, most businesses fail because they fail to plan, prepare, and learn from early-stage development.

In other words, a great house isn't built without a solid foundation. No, you cannot pass go and grow a business until you've done the foundational work. What is this foundational work I speak of? The entrepreneurial process usually starts with one thing in common, an idea! It could be a great idea, or it could be a truly terrible idea. You won't know until you've validated the concept, tested it, performed market research, revised the concept, and learned to adjust. In essence, you have to be willing to adapt. As an entrepreneur, ***adaptability and persistence could arguably be your most important abilities***. But in order to adapt, you have to learn. In order to learn from something, you just need to start.



Starting can be scary. So, how do you get started? The roadmap below will help you go from an idea in your head, to a more fully flushed out business concept on paper.

### **Writing Your Business Blueprint**

A business plan is a living and breathing document that provides guidance through the stages of starting and managing a business. These structural roadmaps lay out the key elements of your business, and help you get funding or bring on new business partnerships. A business plan provides an outline to the framework of your business and declares the vision by showcasing the necessary steps to make that vision a reality.



A business plan should summarize the strategic direction of your businesses. This information should cover the upcoming 3-5 years, outline how you plan to reach certain revenue goals, and help you to think clearly and objectively about where you're going. It should consist of the following information:

- **Core values/mission statement:** A brief statement about who you are and what your company stands for
- **Business goals and objective:** Specific and attainable goals that provide a roadmap for success
- **Product/service offering(s):** A brief description or overview of your product, pricing, competitive advantage. Identify and describe the products and services you sell or offer, articulate how your services are priced/pricing structure, and explain what makes your offering competitive. Focus on insight on inventory, suppliers, the lifecycle of the product/service, if any research and development is required to manufacture it and if you own any intellectual property rights to the product/service.
- **Target market/Industry focus:** A brief description of whom you will market your products to – who will buy your product or service and where you operate and in what industry you will operate in
- **Marketing & Sales Strategy:** A brief overview of how you will communicate to your customers and how your product fits within the market. Be sure to cover how you plan to distribute your product/service, and how you plan to promote the product, brand, or company.
- **Financial Projections:** You may also want to include a sales forecast on a monthly and annual basis based on market research (see below), and your marketing strategy. You may also include more than 1 forecast if you prefer but be sure to align all numbers to market research or historical sales data.
- **Management structure:** A brief description of the processes that support your operations – decisionmakers, values that drive the company, employee count, how individuals are paid, what they do and whether all of this could change
- **Organizational structure:** A brief description of leadership and how you organize your leadership team. Recognize the principal members of your team, their roles, their qualifications, their relationship to you/your business, and how things will get done within the company
- **Legal structure:** A brief description of the legal requirements, any licenses/permits required to operate, highlight special certifications, patents, security clearances, and explain the legal form of ownership – proprietorship, partnership, corporation and why?

The plan should answer who you are, why you're in business, what you do, how you do it, where you operate, how you will generate profits, who your customers are, and why your business matters.

## Two Types of Business Plans

**A Traditional Business Plan** covers established business concepts such as marketing, finances, company goals and objectives and provides a roadmap for the upcoming 3-5 years of your organization's goals, milestones and revenues. The primary function of a traditional business plan is to manage current and future financial projections and includes:

- Sales and marketing analysis
- Accounts payable and receivable, break even projections, current financial picture of the business
- Ownership & management structure



A traditional business plan is very detailed, takes longer to write, and is more comprehensive. In other words, it's quite time-consuming. This plan is typically requested by lenders and investors due to its detailed nature.

The traditional business plan format includes the following:

- Executive Summary
- Company Description
- Market Analysis
- Organization and Management
- Service or Product Line
- Marketing and Sales
- Funding Request
- Financial Projections (3-5 years' worth)
- Appendix

**A Lean Startup Plan** takes an innovative approach that promotes speed, flexibility, and adaptability. A lean startup plan gives a personal demonstration or presentation, reduces your plan to 1-2 pages and focuses on the problem your product or service will address, and ends with how you plan to fund your business. Typically, this plan is used as an informal roadmap. You have the opportunity to get creative and present your ideas in different (yet digestible) ways. The lean startup has a high-level focus, is usually fast to write, and focuses on key elements only.

This type of plan is great when trying to briefly pitch an investor or grab someone's attention quickly. However, when submitting this kind of business plan to lenders or investors, they may ask for more information before funding your business. The format for a lean startup business plan includes the following:

- Problem
  - Make sure there is a need/market for your product or service by identifying one or more problems to address.
- Solution (include a Minimally Viable Product or MVP)
  - Your business success is dependent upon your ability to solve the problem you identified. Keep this thoughtful but brief.
- Key Metrics
  - This will vary depending on your business model and product or service. Highlight key performance indicators that will help investors assess your viability.
- Unique Value Proposition
  - Briefly describe how your business is unique and will provide value to your customers.
- Unfair Advantage
  - How do you set yourself apart from your competitors? Is there an edge that you have that cannot be easily duplicated?
- Customer Segments
  - Establish your target market so that you can effectively market your products and services to the proper audience. Lock down your initial ideal customer, also known as an early adopter.
- Channels
  - Provide your marketing strategy and the channels you plan to use to reach customers and how customers can reach you.
- Cost Structure



- Identify fixed cost (what your startup will be paying on a consistent basis), as well as variable costs (costs that tend to change over time). List all expenses your startup will incur so that you can secure the proper amount of funding.
- Revenue Streams
  - Now that you're aware of your costs, you must outline the different methods or avenues through which you will generate revenue.

Some of you may be familiar with these plans: The Lean Canvas, the Business Model Canvas, The Traditional business model. There are many ways to build out a blueprint, and you will choose the one that fits your needs as an entrepreneur and best fits the product(s) or service(s) you plan to deliver. Some businesses plans include additional information, such as key partners, key activities, and key resources.

- Key Partnerships
  - When you are first starting your business, it may not be as vital to include Key Partners in your business plan. Many people believe that once you firmly understand the problem you're solving, once you've validated your product and/or service and prove its value, then you can begin to determine the key partners, suppliers, and/or vendors to build upon. This piece is not absolutely needed in the business plan, but it's good to think about.
- Key Activities
  - This element of the Business Model Canvas may not be necessary to include in the business plan as your key activities will be derived from your Solution (your product/service) once it has been tested and validated. Again, this piece is important to think about as you write your business plan.
- Key Resources
  - This piece of the Business Model Canvas asks you to think about resources that will be important to successfully distribute your product or service, build customer relationships, and assess revenue streams. Incorporate key resources as necessary into your business roadmap.
- Customer Relationships
  - Most startups are not quite aware of who their first clients will be, simply because they are brand new to the market. A startup could hypothesize who their strategic customer relationships could and should be. Ultimately, product testing, feedback, and authentic interactions will guide entrepreneurs to their target customer relationships.

Let's make one thing very clear: Many startups fail because they rely too heavily on the plan they've just built. Founders think because they've outlined everything, crossed all their I's, and dotted all their T's, that their business will thrive. Well, I'm here to tell you that this concept is outdated. While your business plan is vital to your success, remember that startups operate in a world of uncertainty. Traditional business plan methods and forecasting are mostly accurate when there is a long and stable history of operations and consistency.

To review, your Business Plan should consist of the following information:

- **Core values/mission statement**
- **Business goals and objective**
- **Product/service offering(s)**
- **Target market/Industry focus**
- **Marketing & Sales Strategy**





- **Financial Projections**
- **Management structure**
- **Organizational structure**
- **Legal structure**

As an entrepreneur, adaptability and persistence could arguably be your most important abilities. But in order to adapt, you have to be presented with feedback. To receive feedback on something, you just need to start.

### **Internal vs External Stakeholders**

Be sure to tailor your business plan to communicate to a specific audience, both internally and externally. Internal stakeholders may consist of employees, management, board of directors, etc., while external stakeholders could consist of potential investors or lenders (banks, loan advisors, venture capital investors, etc.) A business plan that is internally detailed may be more focused on operations and procedures, including your vision, data on operating budgets, market research, competitive analysis, sales goals and lists, projected strategies, financial forecasts, product design, brand guidelines, etc. A business plan that is externally detailed may be more focused on financial goals, projections, and outcomes. If you're looking for a traditional loan, you'll want to include the amount you're looking for, what the funds will be used for and what they will accomplish, your repayment plan and any collateral you have to offer. If you're looking for investors, the business plan will want to focus more on growth - what funds you will need in the short-term vs the long-term and how you plan to use those funds to fuel your growth.

Be sure to calculate ROI estimations and how financial reporting will work. Inform external stakeholders what percentage of equity (or ownership) you're willing to give them, conditions for partnership and payment terms, your expectations as to their involvement and any potential exit strategies that will help inform their decisions. Involvement could include board membership, and management positions. Exit strategies consist of buyback or sale options. For more information on exit strategies, review the GBIE's Exiting & Selling Your Business Section on the website.

Your business plan should have a specific format. A format that's easy to follow and digestible to the reader. The following formatting tips are recommended:

### **Formatting Your Plan:**

- For ease of consumption, use traditional fonts, font sizes and single-spaced lines. Differentiate between headings and content by using bold and slightly larger text sizes for the headings. Include headers with the company name and footers with page numbers. Use bullets to communicate data points. Use 1" margins.
- Then put it all together:
  - Cover Page: Business name, logo, document title, business address, contact info, plan completion date, confidentiality statement.
  - Executive Summary: capture the readers attention by briefly explaining the business, the problem and how you'll solve it, your competitive advantage, the target audience, how you plan to reach them, and key financial information.
  - Table of Contents: List key sections in order of appearance with corresponding page numbers.
  - Mission/Vision Statement: Focuses on the 'why' and the 'how' you will get to where you want to be in the future.



- Company Description, Goals and Objectives: Share what you're building/what your company does and explain how your goals and objectives will help you reach your potential.
  - Product/Service Line Offerings: Outline the products and service you plan to offer and why it's needed by your market.
  - Market Research/Market Analysis/Competitor Analysis: Demonstrate your knowledge about the industry you're in, the type of business you're building, and how your offering is different from the others in your market.
  - Marketing and Sales Strategies: Articulate how you plan on generating profit and through what avenues you will communicate to customers and distribute your service.
  - Financial Projections: Use existing or projected financial data to forecast your business's future income, expenses, and profitability.
  - Management Structure, Organizational Structure, Legal Structure: Describe your management team, staff members, resources, and how the business ownership group is structured to ensure success to the organizations bottom line based on each person's skill sets.
  - Funding Request: This section focuses on the current resources, the future funding requirements of the business, and how those funds will be used. Mention your proposed funding options (debt and/or equity) with parameters based on research and how you plan to repay the debt/equity.
  - Appendices (if applicable)
- Quick Tip! Have someone outside of your organization read the document to check for errors, grammatical incongruencies, and ask questions for clarification – this step will surely strengthen the plan!

### **Adding Depth to your Plan**

This section of the business plan is optional; however, many entrepreneurs look to help define their business idea and highlight accomplishments by including important information such as resumes, pictures or brochures that have already been created. Adding depth to your plan may assist you in accessing capital and funding if/when it is needed. Items to include could be:

- Press Coverage
- Blueprints or plans for the product
- Advertising materials
- Lease or Contract Documents
- Marketing studies
- Any other materials that may help validate your business plan/product or service and future business success

### **Key Questions to Ask Yourself When Building Your Business Plan**

- What's missing from the market and how can my product or service fill that need or gap? How can I help solve a problem for others? Will my product or service still be relevant in 2-5-10 years from now? Does it have longevity?
- What is unique about my offering and what are its important features? How much competition is there in my market?
- Who are the potential customers for my product or service and why will they purchase it from me as opposed to others? How will my customers benefit from my product?



- How will I reach potential customers? What am I going to need in order to operate my business?
- Where will I get the financial resources to start or grow my business? What am I going to need or use to operate my business?

#### **Additional Resources to Review**

- For more information/examples of how to structure your business plan, visit:
  - [Write your business plan \(sba.gov\)](https://www.sba.gov/write-your-business-plan)
  - [How to Write a Business Plan \(sba.gov\) \(video\)](https://www.sba.gov/video/how-to-write-a-business-plan)
- Need more help? Head to [The Genesis Bank Institute for Entrepreneurship's](https://www.genesisbank.com/entrepreneurship) website and reach out to us directly! We'll put you in touch with a mentor!





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