

HOW TO PREPARE A BUSINESS PLAN

It is important to tailor every business plan to the particular circumstances of your company. A lot will depend on how familiar the intended reader already is with respect to your company and, if the purpose of the business plan is for raising funds, how much money is being asked for and for what purpose. It will not always be necessary to include each of the sections suggested below; some sections can be combined. Alternatively, in some cases additional sections may be needed.

You as a principal of the company are understandably enthusiastic about the product or service or project that is the focal point of the business plan. It is important to remember, however, that a prospective investor/lender reading your plan will approach it from a much more skeptical point of view. It is your job to enlighten the investor/lender – demonstrate the importance of what you are offering, the reasons the public will want to purchase your product or service, the market need you will be filling, the profitability of the project, and the reasons why this person should give you their money. And you must do so in a realistic and rational manner, with sufficient research and information to justify your assumptions.

However, because management is enthusiastic about the project and determined to see it work, the management team should be responsible for writing the business plan, to ensure that their sense of direction and vision for the future comes across. If your company's principals have little or no experience in preparing a business plan, seek advice and input from your accountants, legal advisors and business consultants. They can help you construct a cohesive, thorough, well-researched and effective plan, while retaining the "company style".

CONSTRUCTION & APPEARANCE

Length

The first issue to consider is the length of the business plan. There is no specific formula to determine the length of a business plan – it depends on the stage of the company's development and the purpose for which the plan is being prepared. It should be kept as short as possible, while still presenting all of the information that investors and lenders are looking for to assist them in their decision-making.

The individual sections of the plan should be concise and to the point. Supporting documentation – financial statements, market research studies, articles in support, etc. – should be attached as appendices, to be reviewed at the reader's leisure.

Information Gathering

Below you will find an overview of the sections generally included in a business plan, and the information required. The company management should hold a number of planning sessions to accomplish the following:

- (i) decide what the section headings will be;
- (ii) decide who will coordinate and write the plan;
- (iii) determine which information is readily available and which will have to be obtained from other sources (legal counsel, accountants, etc.);
- (iv) decide who will be responsible for gathering this additional information;
- (v) gather and organize the information as it becomes available;
- (vi) brainstorm for ideas;
- (vii) write a first draft;
- (viii) challenge the assumptions from various perspectives;
- (ix) revise and rewrite the plan until it is satisfactory.

Writing Style

Keep in mind that your proposed reader may know very little about your particular product/service or your market. To the greatest extent possible, your business plan should be written in layman's terms,

avoiding the use of “insider” terms or industry jargon. If this is not possible due to the nature of your business, a glossary of the terms used should be included as one of the appendices.

In order to keep your business plan as short and as concise as possible, avoid repeating yourself. Instead, include a reference to a previous section containing information already provided which you are relying upon to support a particular forecast or statement.

Supporting Information

Whenever possible, include copies of any third party confirmations, product endorsements, expert opinions, survey results and similar material.