



# ~HOW TO~ WRITE YOUR BUSINESS PLAN

*Why do so many new businesses fail? Most notably, because they lack a good business plan. Don't let it happen to you!*

BY PETER C. BRINCKERHOFF

**Y**ou've chosen a business to add earned income to your organization, and you've studied the market to be sure your idea is feasible. Now it's time to write your business plan.

Here's what every business plan should include:

**1. A cover page identifying the business plan as the property of your organization.** This page includes your name, address, phone number, and the month and year that the plan is written or revised. In one simple paragraph, tell who the business plan belongs to and the limitations on its distribution.

**2. A table of contents.**

**3. A summary of the plan,** including:

- a brief paragraph about your organization
- a four-line description of the product or service you plan to introduce
- a four-line description of the market
- a brief paragraph on production
- a paragraph on distribution, if needed
- a short paragraph on the financing requirements.

**4. A description of your organization and your new business** with descriptions of:

- your organization

- your new product or service
- the target consumer
- the consumer's need for the product or service
- the sales strategy.

**5. A description of the market** for your new product or service, including information on the competition and cost/price comparisons between competitors and your organization.

**6. A marketing plan** that includes information on:

- the markets
- customers
- competitors
- the macroenvironment
- demography
- economy
- technology
- government
- culture
- how each of these areas affects the marketing and selling of your product or service
- evaluation of potential pitfalls.

**7. A financial plan,** including:

- sources and applications of cash and capital
- an equipment list
- a balance sheet
- break-even analysis
- cash flow estimates by month for the

first year and by quarter for the second and third years, with notes of explanation for each of the estimates

- projected income and expenses for the first three years, with notes of explanation
- historical financial reports for your organization, such as balance sheets and income statements for the past three years
- a current audit report
- your annual report.

**8. An appendix with:**

- management resumes
- your organizational brochure and newsletter
- other pertinent material about your organization and its work
- letters of endorsement
- copies of signed contracts for business.

Once you've written and reviewed your business plan, it's time to adopt it. The final step is to set up and run the business. Only then can you hope to achieve the social outcomes you desire, as well as the new income streams so important to your financial empowerment.

A new business is always a risk, but a business plan reduces that risk. With a solid business plan, you'll be taking *prudent risks*—not “leap-off-the-cliff” risks—on behalf of the people you serve.



Remember, the biggest reason that new businesses fail is because they lack a well-written business plan. Don't be like the 90% of new businesses that fail in their first 10 years. Make sure your business plan takes into account all the important variables listed here, and you'll be well on your way to succeeding in a big way, the first time out. Good luck! ■

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