Guide to Writing a Business Plan

Basic Rationale

Founders create business plans for two fundamental and important reasons. First, the process of writing a business plan gives the founder an opportunity to clarify principle aspects of his or her enterprise. This process challenges each individual to evaluate personal motivations, identify clear professional goals, and define technical processes that will affect the growth and future success of the company.

Second, a business plan provides a comprehensive overview of the company to prospective investors, loan agents, and clients. It gives these parties a clear and concise concept of the company's purpose, its future plans, and its investment parameters in ten to fifteen pages.

Key Components

- **Company Purpose**
  - A single, clear, and declarative sentence that defines the purpose or mission of the new company.
  - What is the purpose of my company?

- **Present Problem**
  - A researched description of the applicable market, its key players, the problems facing consumers, and the shortcomings of current solutions.
  - Who are the key players? What problems do customers face in this market?

- **The Solution**
  - An explanation of the company and its product that includes (1) the product’s key features, (2) its primary benefits, (3) its answer to present consumer problems, and (4) its advantages over other current solutions.
What is my product? How will I make, market, price, sell, and distribute that product? How will my product and process solve present market issues?

- **Appropriate Timing**
  - A discussion about why this is the appropriate time for a new solution that has not yet been developed or implemented by others.
  - What has been the historical evolution of this market? Why is now the right time for my product?

- **Market Potential**
  - A description of the potential customers, competitors, and suppliers and an evaluation of the forecasted growth and performance of the market. If the product or service will create a new market, include a description of that new market and possible future entrants.
  - Who will be my customers, competitors, and suppliers? How will the market and my position change over time?

- **Founding Team**
  - A brief background for each founder and key team member.
  - Who are the company’s founders, board members, and advisors?

- **Enterprise Vision**
  - A short paragraph that summarizes your ideal three- and five-year outcomes.
  - If everything goes as planned, where do I see my company in three and in five years?

- **Company Financials**
  - Financial projections that are consistent with the market analysis, business model, and long-term vision.
  - Include the company’s forecasted profit and loss statement, balance sheet, cash flow statement, and capitalization table.

**Useful Templates**


- [Download a sample business plan here](https://www.sba.gov/business-guide/plan-your-business/write-your-business-plan)