DON'T DREAM IT, PLAN IT!

How to Write a Highly Effective Plan for Your Business

BY KEESHA GIBSON
Dedicated to the Co-founders of RGP Enterprises, LLC and those that support all they strive to do.
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Why Do You Need a Business Plan
A business plan will help you build a business that will support you financially, have an impact on those around you, and leave a lasting legacy you can be proud of. But can’t you just get things up and running and make adjustments on the fly? Can’t you sort of learn as you go? Yes, you can do those things, but the odds that your business will fail will be much higher.

A business plan can help you to predict different outcomes. Though it’s not meant to be perfect, it helps you map out where you currently are and where your business is headed. It may be helpful to think of it in construction terms. If you were building a new house, you would use a blueprint, right? If you didn’t use a blueprint, you’d encounter all sorts of issues. Wires and pipes and even walls could end up in the wrong places. The blueprint will keep you on track.

In the same way, a business plan helps keep you on track. It ensures that you focus your attention on the right things, helps you make informed decisions and avoid mistakes.
Specifically, a business plan helps to:

- **Estimate total startup costs.** Once you know the approximate costs, you can determine whether you’ll need to raise funds from investors.

- **Project revenues and profits.** A business plan will define your market, how much of that market you expect to reach, and help you estimate potential revenues and profits.

- **Convince investors.** A business plan shows investors that you have a clear and defined strategy for achieving success. If this strategy isn’t present, investors won’t want to finance your business.

- **Compete from the start.** As part of your business plan, you’ll identify key gaps in the marketplace which your company will fill. This allows you to hit the ground running.
• **Anticipate challenges.** When you create your business plan, you’ll look ahead and try to identify any potential problems you might encounter. This prepares you to address these issues if they do arise.

Writing for The Balance, Alyssa Gregory notes:

“...entrepreneurs who write formal plans are 16% more likely to achieve viability than the otherwise identical non-planning entrepreneurs. Completing a business plan is not a guarantee of success, however, the entrepreneur who does complete a business plan, is more likely to run a successful business.”

**Are you starting to see the value of a business plan?**

So how do you write a business plan? What things need to be included?
That's what this guide is all about. We're going to walk you step-by-step through the process of creating a solid business plan. By the end, you’ll know exactly what to do to create your own plan.

Are you ready? ... Let's do this!
It Starts with YOU.

You don’t have to be great to start, you have to start to be great.
You’re anxious to start creating your business plan, and that’s a good thing. But before you get started there are a few things to consider.

Unfortunately, many business plans are wildly unrealistic. It’s not hard to understand why … It’s exciting to start a new business. You’ve got big dreams, big goals, and huge amounts of ambition. You can envision the grand opening, the brick and mortar, the new office, people investing in and buying your brand. You see your business making a serious impact.

The problem is this excitement often causes entrepreneurs to overestimate how successful they’ll be and underestimate the problems they’ll encounter.

Ask yourself these 3 questions:

#1. Am I ready to face the ups and downs of entrepreneurship? -- I can guarantee it is an emotional roller coaster. Don’t quit your day job
unless you are prepared to change your lifestyle from employee to employer or from a part-time to full-time hustle.

Either way, there will be times you may not get a paycheck from your business. If your answer is yes, proceed to question #2.

#2. Why do I want to be an Entrepreneur? You want to be your own boss, make lots of money and change the world with your innovative product or project? This is great, but you need more than these reasons to succeed in business.

#3 Can you sell your business? Are you a good salesman? Can you sell your vision, your product or service to get investors and employees onboard with you? As an entrepreneur---selling is an ongoing process.

In order to be effective, a business plan needs to be realistic. Remember, ultimately, you’re the one who’s going to be pouring time and money into your venture. Before you launch, you want to be
relatively confident that you have a good chance of succeeding. For many entrepreneurs, developing a business plan is the first step in the process of deciding whether to actually start a business.

Determining if an idea fails on paper can help a prospective founder avoid wasting time and money on a business with no realistic hope of success.

So, in many ways, a business plan should help you decide whether your idea will pan out. This doesn’t mean that you need to anticipate every risk. There’s no way you can do that. However, it’s important to be thoughtful, methodical, and careful as you put your plan together.

It’s possible that you may put together your business plan and then realize that the potential outcome isn’t as bright as you initially thought. You might realize that the competition is much tougher than you realized or that the market is smaller than you anticipated.
That's okay. In fact, it's a good thing.

It forces you to go back to the drawing board and reevaluate. It’s better to realize these things before you launch your business and spend tens of thousands of dollars. A business plan is what I like to call "a living document ". It's not to be etched permanently in stone.

As your ideas about your business grow, you can adjust your plan accordingly. A business plan is just that-- A plan. And plans can change, right? Of course they can.

At a minimum, your business plan should convince you that you’ll succeed. When you logically evaluate all the data you’ve assembled in your plan, you should feel confident that you’re going to achieve your goals. When you’re confident, you’re more likely to convince potential investors to back you too.
So be patient as you assemble your plan. Take the necessary time to do the market research, analyze your financial needs, and map out your strategy for the future.

Will it be challenging? Of course it will. But if you realize that not having a written plan is preventing you from getting started, then creating a business plan will seem like a necessary evil. View it as building a foundation for a successful, lasting business.

Next, let’s take a look at everything you’ll want to put into your business plan.
The first section of any business plan will be the Executive Summary. Think of it like a high-level snapshot of your business. It gives a general sense of what your business is all about, what products or services you provide, where you’ve been, and where you’re headed.

This section should be relatively short - no more than two pages long. However, just because it’s short doesn’t mean that it’s not important. Some investors might only want to read your Executive Summary at first. If the summary doesn’t capture their attention, they might not read the rest of the business plan.

The Executive Summary is the introduction to the rest of your business plan. It helps readers quickly understand your business, goals, and needs.

Think of the executive summary like a detailed elevator pitch. It highlights the most important points of your business plan without going into all the details. It helps you focus on the things that will most contribute to the success of your business.
It’s important to carefully craft your Executive Summary. If it’s sloppy, readers might simply ignore the rest. If it’s not engaging or if it’s unclear, they may assume that you don’t really know what you’re doing. The summary should be crisp, concise, and compelling.

Write your Executive Summary after you’ve written the rest of your business plan (including the financials). Why? Because you’ll be much more familiar with all the information in the plan and you’ll be in a better place to summarize that data for readers.

The Small Business Administration recommends that your plan contain at least these six things:

- **Mission statement.** A short (one paragraph) summary of your business and the big picture goals that you’re pursuing.

- **General information.** This includes the founding date of your business, names and roles of founders, how many employees you have, and the number of locations (if you have more than one).
• **Company highlights.** Draw attention to important growth highlights in your company. This may include financial highlights or other important things your business has achieved. If possible, include hard numbers as well as charts and graphs. If you’re just getting started, include information from past ventures.

• **Products and services.** A short description of what you offer (products, services) and who your customers are. If you haven’t yet developed your product or service, lay out the plans you have for developing one.

• **Financial information.** If you are seeking funding, you’ll need to specify your financing goals as well as any sources of funding that you may already have.

• **Future plans.** Give a quick glimpse of where you’re headed with your business.
COMPANY OVERVIEW

WHY DOES YOUR BUSINESS EXIST?
The Company Overview is where you provide others with more detail regarding what your business does and how it’s structured. Like the Executive Summary, this section should be relatively short.

It should include:
- The industry you’re in
- Your primary customer base
- The big problem that you solve for customers
- How you solve that big problem

Essentially, you’re explaining why your business exists. You’re identifying a specific customer or industry need in a specific market and then clarifying exactly how you’ll meet that need. It should be clear how your customer will see the difference between your business and the competition.

This section should clearly and concisely explain the unique value that your business offers, as well as highlight any particular competitive advantages you have, such as expertise or the physical location of your business.
If you’re struggling with this section, try to answer the following questions:

- **Who do you serve?** Working moms? High income earners? CEOs of Fortune 500 companies? Most new business owners believe their product or brand is for everyone. **This is not a realistic determination.** As much as possible, try to clarify who your **ideal** customer is.

- **How do you serve them?** Do you offer a superior product? Better services? Lower prices? A better location? In other words, what do you offer that other companies like yours don’t?

Avoid overcomplicating things. **Ultimately, your business exists to solve a particular problem or want or need.**

The more clarity you have on the nature of this and the solution you provide, the better your company overview will be.
MARKET ANALYSIS
KNOW WHAT YOU'RE GETTING INTO
The Market Analysis section of your business plan provides in-depth information about your industry, your specific market, and the competition.

If this section is done properly, it assures readers that you know what you’re getting into, that you understand how the industry works, who the big players are, and what you need to do to thrive in such an environment.

In your Market Analysis, seek to include the following information:

- **Key industry information.** What is the current size of the industry? How much has it grown in the past and what sort of future growth is projected? What sort of trends are occurring in the industry? How do they affect businesses in the industry?
• **Target market data.** Within the industry, which customers are you targeting? What are their specific needs and how are they currently trying to address those needs? What demographic information characterizes your target market (age, gender, income, employment, location, etc)?

• **Target market size.** How much does your target market spend each year? How often do they buy? When do they tend to purchase? What is the projected growth of your target market? The Small Business Administration offers helpful resources regarding this specific information.

• **Market share potential.** What percentage of your target market do you think you can acquire? Start with your local area or city or state.

• **Barriers to entry.** What things might make it difficult for you to enter into and succeed in your target market? High technology costs? Strict regulations? Difficulty finding qualified personnel?
• **Competition.** Who are the top competitors within your target market? What is their current market share? What are their key strengths and weaknesses? In what ways might they make it difficult for you to succeed? As a new or small business, you don't want to compare yourself to big companies. Look at your competitors that are located near you.

Developing the Marketing Analysis will require a significant amount of research - but it will be time well spent. First and foremost, it prepares you to succeed. The more you know about the market you’re entering and the competition you’ll be facing, the more you can customize your approach.

Second, it helps investors know that you’ve done your due diligence. They can be sure that you’re not just diving into the deep end without knowing what’s involved. They know that you know what’s required to succeed.
ORGANIZATION & MANAGEMENT
THE STRUCTURE TO MOVE FORWARD
The next step will be to describe how your business will be organized and structured. The objective of the Organization and Management section is to explain the role of each team member and the experience that each member brings with them.

First, spell out the general structure of your business, both in organizational terms and in legal terms. Where does each key stakeholder fit into the big picture of your business? Include an organizational chart that shows the roles of stakeholders, who reports to who, and other pertinent details.

In terms of legal setup, are you a:

- LLC?
- S-Corp?
- C-Corp?
- General partnership?
- Sole proprietor?

As you discuss the legal setup of your business,
It should be clear who the owners are and what percentage each person owns.

Next, describe the background of key members of your team, including:

- Owners
- Board of Directors
- Managers
- Partners
- Any other essential people

This part is especially important if you’re seeking funding. Investors want to know that you have experienced, successful individuals on your team who can help ensure that your business succeeds. You may want to include resumes or CVs of the key members as proof of their experience.

Finally, describe any additional key hires that might be necessary. This may not be immediately relevant, especially if you’re just getting started, but it will matter much more as your company grows and expands.
PRODUCTS & SERVICES

THE UNIQUE POSITION & IMPACT
Following the Organization and Management section, you will need to explain in detail exactly what products or services your business will provide. Your goal in this section is to show how your product or service is uniquely positioned to make an impact within your target market.

Start by describing your particular product or service and the specific need it will meet. As much as possible, try to avoid using industry jargon or buzzwords (e.g., next generation, holistic, synergy). Speak in clear, simple terms that the reader is sure to understand.

It’s really important to clarify exactly how your product or service will stand apart from the competition. If you’re selling a well-known item (mobile phone cases, books) you don’t need to spend much time focusing on the details of the product itself. Rather, focus on what makes your offering unique like the quality or the price.

However, if you’re creating something entirely new, it’s important to spend enough time
explaining exactly how your product or service functions and why it’s valuable.

Without this, readers and investors won’t have sufficient information to make a clear evaluation regarding your business.

Within this section, you should also discuss:

- **Product/service status.** It should be clear how far along your core product or service really is. Do you have a product or service that is ready to take to market, or are you just in the idea stage?

- **Development objectives.** If your product or service isn’t ready to go, specifically spell out the research and development actions you’ll take to ready your product or service for market. Also, note any future products or services you plan on developing.

- **Proprietary information.** Do you have any intellectual property, patents, or proprietary
information that is essential to the success of your business? Clarify that information in this section.

- **Supply chain.** If you depend on suppliers or vendors for any aspect of your business, list the details. Make it clear who supplies what, how often you get those supplies, and the method by which you receive them.

Your product or service should really shine through in this section. It should be abundantly clear both to you and the reader that you have something unique to offer and that you’re in a prime position to attract customers.
You’ve discussed the critical details about your product or service. Now it’s time to talk about how you’re going to get that product or service into the hands of customers. You may have the greatest product or service in the world, but if you don’t have a specific plan for selling it, you’ll struggle to succeed.

Your objective in the Marketing and Sales section is to make clear how you will make customers aware of your product or service and how you’ll convince them to buy it.

Let’s talk about marketing first.

The first element in your marketing plan needs to be positioning. In other words, how will you position yourself in relation to your competitors? Why should customers come to you?

Will you position yourself by offering:

- Lower price?
- Superior quality?
- Superior service?
Next, discuss the specific promotional methods you’ll use to get the word out about your product or service. Will you use online advertising? Do you have a content marketing plan? Will you hire a public relations firm?

Also, clarify the metrics you’ll use to evaluate whether your marketing efforts are working (leads generated, social media reach, website visitors, etc).

**After laying out your marketing plan, discuss your sales plan:**

**First, explain your specific sales strategy.** What method will you use to convince customers to buy from you?

- Cold calling?
- In-person meetings?
- Webinars?
Next, talk about who will be doing the selling. If you need a sales force, who will train them and how big will the team be?

Lastly, lay out the budget you have for both sales and marketing. This will help readers gauge the scope of your efforts and possibly estimate results.
FINANCIAL PROJECTIONS
VISUALIZE YOUR MONEY
Financial Projections is a critical section of your business plan. In it, you paint a clear picture of your business’s current financial status and map out where you hope to be in the future.

Investors will closely examine this section to determine whether they will offer you funding. Solid financial projections will give them confidence that your business will generate a profit.

Additionally, this section will help you understand how viable your business really is.

If you’ve been in business for a while, include as much past financial data as possible:

- Income statements
- Balance sheets
- Cash flow statements
- Operating budget
- Accounts receivable and payable statements (if appropriate)
- Documentation of any debt
Your financial projections for the future will be based on your past data. If you do not have past data, base your projections on industry and competitor research. The Small Business Administration notes:

"Provide a prospective financial outlook for the next five years. Include forecasted income statements, balance sheets, cash flow statements, and capital expenditure budgets. For the first year, be even more specific and use quarterly — or even monthly — projections."

Make sure to clearly explain your projections, and match them to your funding requests. Wherever possible, use graphs and charts to provide a visual representation of your financial history. They make it easy for readers to quickly grasp your financial situation.

If you’re not sure how to create these projections, consider hiring an accountant or financial advisor to help you. They can guide you in building accurate financial projections.
FUNDING REQUEST

LOANS & INVESTMENTS
If you need funding to achieve your business goals, be very clear what you’re asking for. In the Funding Request section, lay out exactly how much you’ll need over the coming five years. Explain how you’ll use the funding to achieve your goals.

Include the following details in this section:

- The amount of funding you need
- The type of funding you desire (loan, investment, etc.)
- The terms you’re requesting for the funding

If you’re offering some sort of collateral in order to secure a loan, include detailed information about that collateral.

Additionally, make it clear how you will be using the funds. Will you be acquiring inventory? Paying down a debt? Hiring employees? If the funding will be used for multiple things, clarify how much will be used for each.
It’s also **critical** to lay out your future financial plans so that investors have a good idea of what they’re getting into.

Do not go to the money table with a “half-baked” financial plan. **You must be able to show lenders and investors that you are making a profit that will allow you to repay a loan or make a return on their investment.**

If you’re getting a loan, show how you will repay it. If your goal is to eventually sell your business, make that clear as well.

As much as possible, try to customize your funding request based on who you’re asking.

Know that:

**Banks** want to know that you’ll repay a loan so it’s best to provide them with a repayment plan.
**Investors** want to know what sort of a return they'll get from their investment. Give them an estimated ROI (Return on Investment) and have an exit strategy.

How much funding you request will depend on both your needs and your financial projections. You want to secure enough funding to ensure you’re a success, without asking for so much that it becomes burdensome.
APPENDIX
ATTACH THE FACTS
The last section you’ll need to include is an Appendix. This section is just as important as all the other sections.

In the Appendix include supporting information and documents that substantiate what you’ve written in the previous sections.

You may want to include:

- Credit histories
- Permits
- Product pictures
- Legal documents
- Licenses
- Patents
- Contracts

This is also the section where you should include key information about yourself and your team (resumes, bios, CVs, etc.).

Think of it this way: In the previous sections, you’re trying to paint a compelling picture of
what your business is like and where it’s headed. You want to provide the reader with enough data to help them grasp your vision but not so much that you bog them down.

The appendix allows you to give extra details to the reader without disrupting the overall reading experience. If the reader wants to look at these details, they can simply refer to the appendix.

At the beginning of your appendix, include a table of contents that corresponds to each section in the business plan. This allows readers to easily see which pieces of information go with which section.
TO USE YOUR BUSINESS PLAN
If your intent is to use your business plan as an internal guide for operations and personnel, you can skip several sections including company background and company’s current condition.

In this case, focus on your financial projections and specific goals for the next quarter or year. This guide can be used to help you and your team be accountable for these objectives, and help you measure your progress. You will be able to determine the number of customers you acquire, the traffic to your website and more. When using this type of guide, you can create a relatively short business plan of just a few pages.

When creating a business plan to raise funds for your business, you need a shorter business plan. Banks, angel investors, venture capital and private investors don’t want to read an extensive business plan. They do, however, want to get the information they need in the first few pages of your plan.
In this case, it is the Executive Summary that should capture their attention and make them want to read through to your financial plan. So, make sure the Executive Summary covers at the very least:

- The problem or “want” your company addresses
- The solution your business offers
- Your target market and its size
- Your business model
- Your funding needs

Do not forget to add **current data**, research and statistics that validate the statements you make in the summary. Be sure to include clear and detailed financial projections as well as specific details about your product and how you plan to market it.

The bottom line is that you need to write your plan until it clearly covers all areas pertaining to your business. You don't want a plan that is too short and misses the opportunity to support your ideas and goals.
Plans that are too long and wordy will bore investors and might make them lose interest. An average of 25 pages should be sufficient.

So how do you attain a happy medium? The solution is simple. **Get expert advice from an expert** -- one who is experienced in writing business plans, and who knows what type of funding or investor your business should look for.
MAKE IT HAPPEN

BUILD YOUR DREAM
Yes, creating a business plan is a lot of work. It takes many hours to create a compelling plan that will convince others to support your vision. But they are hours that are well spent.

Creating a business plan will give you clarity about and unique insights into what it will take for your business to succeed. It will push you to differentiate yourself from your competitors. It will compel you to create a powerful marketing and sales plan, and it will force you to thoroughly know your financial numbers.

If you’re feeling overwhelmed at the thought of trying to get everything done, focus on completing one section at a time:

- Step #1: Executive Summary
- Step #2: Company Overview
- Step #3: Market Analysis
- Step #4: Organization and Management
- Step #5: Products and Services
- Step #6: Marketing and Sales
- Step #7: Financial Projections
• Step #8: Funding Request
• Step #9: Appendix

Do one step, then the next, then the next. Before you know it, you'll have completed your entire business plan.

As you work on your business plan, keep the big picture in mind. **The reason you’re doing all of this work is so you can build your dream business.** The time you invest up front on creating a thorough business plan will be repaid in full, and then some, when your business is successful.

So, don’t wait any longer to create your business plan. Your dream business is just around the corner!
Keesha Gibson is the Owner of Gibson Consulting & Solutions LLC, a business development agency that works with entrepreneurs, startups, small to mid-sized companies and nonprofit organizations. With more than 25 years of industry experience, she raises and manages millions of dollars in funds for organizations across the country. Ms. Gibson and her growing team of consulting professionals work to broaden the horizons of businesses by providing "out of the box" ideas and strategic services to encourage business owners to remain steadfast in their visions of success. In her experience she's found that 85% of her clients started their businesses without a plan.

This guide is one of many resources that compliments the solutions that Gibson Consulting provides and one Ms. Gibson hopes new business owners and entrepreneurs will use to support their business dreams and ideas.
"Don't Dream, Plan It" is a must-read for entrepreneurs and aspiring entrepreneurs. As a young Black entrepreneur, I quickly moved into the business mindset quickly and faced a lot of unforeseen hurdles, which made me think twice about pursuing my business any further. After reading this book, I feel empowered and ready to tackle entrepreneurship from a different perspective and angle. This book is motivating but encouraging. It guides you to take your time and not rush, to think about the future and not just the present. The emphasis of planning your business out from top to bottom is a step that I missed but definitely will go back to plan and analyze before doing anything else. I highly recommend it, you will not be disappointed."

-Lizan Highland, Co-Founder/Owner
Grace and Saige Essentials

I coach from a place of first-hand knowledge of both struggles and successes. Having a plan--any type of plan for a business, lessens the struggles and increases opportunities for success. This guide is a "must have" for new entrepreneurs who are thinking about starting or growing a business.

-Dr. Teresa Martin, Esq. CEO
Enjoy Your Legacy

"This is a must-read for those who want to take our business financial literacy course."

-Dr. Perry L. Austin
W.G.M.I Center
Leverage Academy of Leadership & Business