

Writing a Business Plan: 9 Essential Sections

A formal business plan is an important document for any business. Entrepreneurs just starting out may find putting their thoughts, goals and in some cases dreams to paper an intimidating process. Nevertheless, it is vital to the success of your business. A business plan details every aspect of business operations. Writing a business plan need not be an overwhelming task if you consider the following information.

Purpose of Business Plan

Before drafting a business plan it is important to understand why this document is so important to the success of your business. Your business plan will detail all aspects of your business operations from marketing to organization and management. This document not only helps owners see where the business is headed, it is also required by most lenders and potential investors.

9 Essential Parts of a Business Plan

There are several essential elements of a good business plan according to the U.S. [Small Business Administration](#). Focus on the following nine elements when drafting a business plan for your small business.

Executive Summary

Although this is the first section readers will see, it should be the last section of your business plan written. The executive summary is an overview of the entire business plan and will either capture the reader's attention or make them lose interest before reading any further. A crucial part of the business plan, the summary will basically tell readers the history of your company, where it is today and what direction it is headed; this is where you sell other on the potential success of your business idea.

Market Analysis

Include in this section a description of the industry, information on your target market, evaluation of your competition and market test results.

Company Description

Brief description of your company including the nature of your business and factors that will make your business a success. Include a description of how your product or service will meet a need and any potential clients identified as having that need.

Management and Organization

Details about ownership of company, management and board of directors (if applicable). Qualifications, experience and education are important to provide readers with an insight as to how these individuals fit into the [organizational structure](#) and what they can bring to the table in their designated roles.

Marketing and Sales Management

Describe the marketing strategy and how you intend to drive sales. Include market penetration strategy, growth strategy, distribution strategy and communication strategy. Sales strategies should also be included to provide information on sales staff and activities.

Product or Service Line

Describe to readers what you are selling and how the product or service will benefit current and potential customers. Provide evidence that your company offers a product or service that serves as a solution to a problem identified by your target market. Information regarding service or product costs, suppliers and any new services which may be added should be included in this part.

Request for Funding

Include current and future funding requirements, how that funding will be used and long range strategies that impact funding request. Any factors which directly impact your ability to repay your loan should be included, such as acquisitions, sale of the business in future or a buyout.

Financials

Both past financial data as well as prospective financial data will be required by potential lenders. Include the following financial statements for the past three to five years; cash flow statements, balance sheets and income statements. The same statements should be prepared with forecasted data for the next five years.

Appendix

A separate section which should not be included in the main body of the business plan is the Appendix. Proprietary and confidential information may be part of the appendix and as such should not be easily accessed by all individuals requesting your business plan. Creditors may need access to this information, therefore it should be available on an as-needed basis. Documents which may be included in the appendix include market study details, reference letters, personal and business credit history, patents, permits, contracts and contact information for consultants.

As you can see, writing a business plan requires a commitment of time and resources to ensure all relevant information is present. A crucial document in securing funding from creditors and investors, the business plan should be well organized with a focus on specific strengths that set your business apart from the competition.

By: [Debbie Dragon](#)

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