

What makes a great business plan?

A good business plan is the key to securing investment and support for your new venture. It doesn't have to be hundreds of pages long and filled with complicated tables and diagrams – in fact, it should be short, simple and realistic to give you the best chance of success.

Your business plan – what's the point?

Most business plans are written to convince banks, venture capitalists or other groups to invest money in the company. They can also be used when looking at joint ventures, applying for business loans or moving into partnerships or mergers with other companies. For that reason, they need to be clear and purposeful. When you're drafting your business plan, consider the following:

Purpose

What are you trying to show? Who are you trying to convince? What results do you want to get?

Professionalism

Even the shortest business plan can look professional if it has a cover page, is printed on good paper, uses your branding well and is properly bound. Inside, it must be structured and written in plain English to make it as easy as possible for readers to understand your business and its potential.

Your business

Be clear about what your business does. Include a short history, if your business is already operating. Outline your products and services clearly and place them in the context of the industry or industries you sell in to. Remember to talk about pricing.

Your approach

Set out the ways you market your business, including all the channels you use. Show how your marketing has been successful, and describe and demonstrate your sales process. Cover your main competitors and point out areas where you could improve in order to increase your market share.

Your people

People invest in people. Investors want to know that the people running your business have the knowledge, skills, network and attitude to make the business a success. It's also worth talking about the people who support your business – the accountants, solicitors, suppliers and outsource partners that you rely on to keep running smoothly.

Risks and rewards

Lenders will want to know that you can pay back the loan. Investors want to get a good return on their money. Potential partners want to know that they are looking at a good deal. So it is important to outline the potential risks and threats to your business as you see them, as well as highlighting the strengths and opportunities. The more honest and realistic you are, the easier it is for the reader to make a decision.

The financials

Your reader will want to see historic numbers if you have them, and projections for the next three years, at least. Wise & Co can help you prepare these – and they don't need to be complicated.

Keep your actual plan short, and put all the details in appendices or associated plans. That way, the reader can decide for themselves how much detail they want. A great business plan simply answers all the questions that the reader might have about the business.

To find out more about writing your first business plan, or preparing financial information for investors and lenders, talk to an accountant at Wise & Co today.

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