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# Your Business Plan Roadmap



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While it may be tempting to organize your business plan in whatever way makes the most sense to you, the reality is that investors will be looking for a familiar structure. Following this format demonstrates two key aspects about you as an entrepreneur and about your prospective venture in general:

1. You are serious enough about this pitch that you took the time to do your research and get things done right.
2. You stand a much better chance of including all the details that nitpicky investors want to see in order to make a favorable decision on your business plan pitch.

Not sure you have all your bases covered? Use this checklist as a second set of eyes before your business plan makes the rounds.

The following is a section-by-section breakdown of a standard business plan that includes a request for funding. Based on the nature of your business, you may not use every one of these headings; for example, [\(R\) Board Members](#) is a section that many small businesses do not find applicable. For the most part, however, this is the standard format that should be followed by new businesses seeking funding.

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## Section I – Executive Summary

### A – EXECUTIVE SUMMARY

Don't discount the importance of the Executive Summary. It is one of the most critical parts of your pitch. Think of this section as a hook that draws in your audience.

If investors lose interest at this early stage, the rest of your business plan is doomed to the discard pile.

Your audience's time is valuable. A healthy synopsis of what you will be sharing with them demonstrates that you value their time and that you can succinctly explain your business plan with competency.

#### » To Start

Your Executive Summary should start with a summary of what your future company will do. Keep it concise—a few sentences at most. The next few sentences should explain why you and your future company are uniquely positioned for success. This section should also be kept brief but to the point. Is your product a revolutionary first? Are you a visionary trailblazer? This is a good place to bring that up.

#### » To Finish

To conclude your Executive Summary, finish with a synopsis of your financial projection. Again, brevity is the name of the game. Focus on revenues, funding goals, and your five-year plan in just a few sentences. The details will be covered in [\(U\) Funding Requirements](#), but here you need to help your audience understand why they should read on, and what this presentation is about, at a glance.

## Section II – Company Overview

### B – COMPANY OVERVIEW

As the name implies, this section provides a bit of backstory for your company.

#### » To Start

Include historical details such as when, where, and how your company was (or will be) formed. Now would also be a good time to mention your current status as a legal entity, and whether you have plans to change that status. This is not a place in your business plan where you should be shy; be sure to mention accomplishments and accolades.

#### » What to Include

Be sure to include personal accomplishments, even if they aren't particularly pertinent to the pitch at hand. Many investors rightly view past accomplishments as an indicator of potential success down the line. People also respond to passion, so this is a good time to showcase your knowledge and mastery of your chosen field. The challenge here? Keep it concise and on track.

## Section III – Industry Analysis

An effective Industry Analysis is broken into two parts: a Market Overview and a Relevant Market Size.

### C – MARKET OVERVIEW

The Market Overview subsection is used to discuss your market's overall size and general defining characteristics. We'll get into market shares and specifics in the next subsection, but for now we're looking at the broad strokes.

### » **Be Sure to Include**

Be sure to include information about clearly defined market sectors and market trends. Any general information that is helpful to ensure that everyone is on the same page belongs in this section, but as always, the goal is to have a summary mindset and to include only what is pertinent and necessary.

## **D – RELEVANT MARKET SIZE**

This subsection is where we get specific. The Relevant Market Size subsection should include calculations of your market size based on the best available data and research. Keep the focus of this section on your market; we'll discuss your customers and their profiles in the next section.

### » **Be Sure to Include**

Include your projected market share and the projected annual revenue that could be captured if your company attained a 100 percent market share.

## **Section IV – Customer Analysis**

Your Customer Analysis section examines the people who will actually be purchasing your products or services. It is broken into two subsections; the first examines your target customers, and the next presents a profile of those people's needs.

## **E – TARGET CUSTOMERS**

Who will be buying your product or service? This section gets into the details of your target demographic.

### » **Be Sure to Include**

Be sure to include as much demographic data as possible, but take care to present it in a summary fashion that is easy to digest. A little bit of planning goes a long way here, and visual aids can be a big help. Physical characteristics like gender and age are often important, but salary and occupation (including buying habits and disposable income) are a must.

## **F – CUSTOMER NEEDS**

Based on the customer profiles laid out in the above subsection, explore the need that your targeted demographics experience. Most importantly, tie these needs to features and benefits of your product/service.

### » **Remember**

Remember that people don't purchase products or services—they purchase solutions. Solutions are the answers to their needs, while the products and services that deliver those answers are simply means to an end. This part of your business plan demonstrates that you are in touch with your target demographic and that you are confident in the ways that your product or service answers the needs of your future customers.

### **For Example**

- Are the customers in your target demographic sensitive to price?
- Are they concerned more with value or with numerous features?
- Will they pay for speed, or are they willing to wait to save money?
- Where do they shop for comparable products or services?

The answers to these questions are not only vital to the success of your business plan pitch, but also to the success of your business once you are up and running.

## **Section V – Competitive Analysis**

No business exists in a vacuum. The Competitive Analysis portion of your business plan explores how you and your company understand and are prepared to react to the actions and efforts of competitors. It is broken into three subsections: Direct Competitors, Indirect Competitors, and Competitive Advantages.

### **G – DIRECT COMPETITORS**

Even though many products and services set themselves apart through differentiation, in every market there are still always a variety of businesses competing to fulfill a specific customer need. These companies are direct competitors, and often their approach to filling the same customer need entails the same kind of solution. This section is important because it helps your audience understand the level of risk, and exactly how you have set yourself apart from the competition.

#### **» Be Sure to Include**

Be sure to include not just a list of your top direct competitors, but a profile of their strengths and weaknesses.

### **For Example**

- Two grocery stores that compete for the lowest price by offering discounts on value goods are direct competitors. They sell the same products and compete directly to fill the need for inexpensive groceries.
- Two boutique clothing stores that cater to upscale women are direct competitors. Both sell clothes and directly compete to fill the need to buy style and have it first, within an environment of low price sensitivity.
- Two auto repair shops that fix transmissions are direct competitors. They are competing for the business of people who have broken transmissions and need specialized service.

### **H – INDIRECT COMPETITORS**

While direct competitors are competing businesses that offer the same solutions to customer needs, indirect competitors fill the same needs with different solutions.

Compile the same profiles for these competitors, but be sure to differentiate them from direct competitors.

### **For Example**

- A grocery store that sells discounted value goods is an indirect competitor to a store that sells premium goods at a higher price. They both sell groceries, but fill the customer need in different ways.
- A boutique clothing store that sells premium fashion is an indirect competitor of a fast fashion retailer. Both companies sell stylish clothes, but the latter of the two fills a less price-sensitive need.
- An auto repair shop that offers a wide variety of services that include transmission repair indirectly competes with a shop that specializes in transmissions. Both offer the same service, but some customers will be more inclined to stick with specialists.

## **I – COMPETITIVE ADVANTAGE**

This is the portion that ties your Competitive Analysis together. Based on the profiles of the strengths and weaknesses of your direct and indirect competitors, this is the place where you state exactly what it is that sets your company apart. Investors don't just want to know that you can keep up with and compete with the other players in your market, they want to know that your USP (Unique Sales/Service Proposal) can win.

## **Section VI – Marketing Plan**

Marketing may not be your forte, and that's fine, but you're a determined entrepreneur who needs to wear many hats to get it done—whatever "it" is. The Marketing Plan section of your business plan is broken into four subsections: Products and Services, Pricing, Promotion Plan, and Distribution Plan.

## **J – PRODUCTS & SERVICES**

The broad strokes of what your company offers have been touched on in other sections of your business plan, but here the product/service menu is detailed and nailed down.

### **» Remember**

Keep in mind that consumer tastes and preferences are always changing, and as a result so are markets. If your [\(C\) Market Overview](#) outlined a market with a high rate of change, you should be ready to answer questions regarding how you are prepared to respond to these pressures.

- Will you be seeking funding for research and development?
- Based on the length of your product's life cycle, what is your plan to introduce new products to counteract attrition?
- Tip: A product's life cycle is the entire time it takes a product or service to move from inception, to execution in the marketplace, to retirement.
- What are the ways in which your products or services are designed to deliver value to your customers?

## **K – PRICING**

Pricing is just one part of a marketing plan, but it is a big one. This is where you detail your pricing strategy with regard to the ways it aligns with the needs of your customers (based on their buying habits and price sensitivity outlined in [Section IV – Customer Analysis](#)) and how the margins you establish will cover operating costs.

### **» Be Sure to Include**

Be sure to frame your pricing structure in relation to your competition, with a focus on direct competitors.

- Is your pricing competitive? Is it a competitive advantage?
- Compared to your closest direct competitor, would you be considered a bargain choice or a premium brand? (This assessment is based on your target demographic's perception of value and price sensitivity.)
- How does your pricing strategy fit into your Revenue Model? (see [\(S\) Revenue Model](#))

## **L – PROMOTION PLAN**

The next subsection of your Marketing Plan addresses your promotional strategy. Your Promotion Plan consists of the methods you will use to grow your business by attracting new customers.

### **» Remember**

Keep in mind that not every promotional method is a good fit for every market or every customer profile. Your promotion plan should be thoroughly researched and should reflect the insights that were discussed in [Section IV – Customer Analysis](#). Some examples of promotion include coupon distribution, social media advertising, communications media, print, etc.

## **M – DISTRIBUTION PLAN**

Your products and services are outlined in the first portion ([J](#)) of this section, with their price and promotional characteristics described in subsections ([K](#)) and ([L](#)) above. Now, we're bring it all together with a comprehensive Distribution Plan. This subsection outlines the ways you will reach your customers with your products or services.

- Will your customers buy directly from your brick and mortar store, or will they be able to shop online as well?
- Will your products or services be available through distributors? How will you qualify distributors to determine if they are a good fit for your offerings?
- Will you use contractors to deliver your services in a licensing or franchising agreement?

### **» Remember**

Just like any of your other plans, strategies, and tactics, your Distribution Plan must reflect the unique characteristics of your market ([Section III – Industry Analysis](#)), your products (and their pricing), and the specific aspects of your customer profiles ([Section IV – Customer Analysis](#)).



## Section VII – Operation Plan

The Operation Plan section of your business plan is broken into two subsections: Operational Processes and Milestones.

### N – OPERATIONAL PROCESSES

The operational processes that ensure your business is running efficiently on a day-to-day basis are the lifeblood of any venture. You may have noticed that the business plan structure has followed a logical progression so far: who you are and what you do, who you serve, what you serve them, how you match them with your offering, and now the nuts and bolts of how that happens on a stable and predictable basis.

#### » Be Sure to Include

Be sure to include a summary of how each of the aspects of your organization come together to support a common goal. Ensure that there are no redundancies and that each facet of your organization is constructed with intent.

#### For Example

Let's look at the operational processes of a retail space that sells designer accessories such as wallets, watches, and handbags. Each of the following is a brief operational process or key element of the organization's business activities.

- **Receiving, Stocking, and the Flow of Merchandise** – New merchandise is received into the store via a secured and monitored service door. Receiving is a critical process ensuring that stock is replenished and the shelves are full. Shelves are stocked daily or throughout the day as needed, and excess inventory is kept in a storeroom. New inventory is ordered on a daily or weekly basis contingent on sales and on lead time within the supply chain.
- **Point of Sale and Reconciliation** – Customer purchases are processed through a point-of-sale cash register that is reconciled on a daily basis to ensure accuracy and is stored in a secure safe when not in use. An armored car service will be contracted to replenish cash on hand and to make secure deposits to the bank.
- **Merchandising and Sales** – Based on the visual nature of the merchandise, product resets and refreshes will happen frequently to showcase each item. Floor changes will be mapped out and planned prior to implementation. To encourage sales, designated salespeople will maintain the merchandising standards and encourage shoppers to purchase the accessory that best fits their needs. Salespeople will be incentivized by participating in a commission structure based on sales.
- **Customer Service** – A customer service desk will be utilized on the sales floor to double as an additional point of sale as well as a processing point for customer returns. The generous return policy means that customers can return accessories that they don't absolutely love, which makes this company a more attractive choice than one of their direct competitors.



## O – MILESTONES

Milestones are the key objectives that you hope to achieve. These targets will act as indicators of your success and will demonstrate a cohesive plan that will benefit from feedback. Therefore, your milestones cannot be vague. They must be concrete targets that represent the realization of specific goals that support the growth and success of your business.

### » Be Sure to Include

Be sure to include dates that milestones are to be completed by, along with what KPIs (key performance indicators) will be used to measure their success. Some examples include opening a second location, doubling staff size, increasing capacity by 40 percent, or acquiring 400 new customers within a certain number of weeks.

## Section VIII – Management Team

People respond to passion, but they also do business with people. Many organizations claim that their people are their best assets, and it is overwhelmingly true. No matter how driven and how competent you are, you can't do it all alone. The qualifications you set for your management team, or better yet, the people you have already selected and can introduce to your audience, will be an asset in your corner when it comes to cultivating trust among investors. The Management Team section is broken into three subsections: Team Members, Empty Roles, and Board Members

## P – TEAM MEMBERS

Here, when we say team members we are referring to existing members of the management team. This case may not apply to every new business. Maybe it's just you. If that's the case, this subsection gets rolled into the next one.

### » Be Sure to Include

Be sure to include the qualifications of your existing team members, what makes them a good fit for your organization and your business model, and any other pertinent information. Remember that your management team will be tasked with the responsibility of ensuring that your new business is a success. You selected these people for a reason; convey that reason to your audience.

### » Keep in Mind

If you don't have any other management team members, this subsection becomes a sort of wish list. See the next subsection, [\(Q\) Empty Roles](#), for business plan best practices when constructing a Management Team Members subsection.

## Q – EMPTY ROLES

This is the part of your management staffing plan where you discuss the gaps in your management team. Startups, new ventures, and sole proprietorship new businesses will often have nearly none or none at all of their management team assembled. In the case of a lot of empty roles, focus on the qualifications that management team members will be required to demonstrate.

### » **Be Sure to Include**

Be sure to include descriptions of their roles, the methods by which you will find and entice talent, and how you will encourage these managers to grow.

## **R – BOARD MEMBERS**

This section doesn't apply to every business plan; however, if you will be maintaining, or already maintain, a board of directors or a board of advisors, here is the place to detail their roles and summarize their involvement and qualifications.

## **Section IX – Financial Plan**

This is it, the ask. Your entire business plan has been a sales pitch leading up to these key aspects of the action you are seeking from your audience. The Financial Plan section of your business plan is broken into three subsections: Revenue Model, Financial Snapshot, and Funding Requirements and Use of Funds.

## **S – REVENUE MODEL**

While it has been touched upon in [Section VI – Marketing Plan](#), this is the area of your business plan where you detail the exact way that your business will generate revenue. We already know how your products will be priced and distributed. Will you also offer private labeling services as a revenue stream? Will your products or services have room to support advertising space for other businesses as another revenue stream? Be concise and accurate, and don't leave anything out.

## **T – FINANCIAL SNAPSHOT**

Your Financial Snapshot is a summary selection of the most important financial aspects of your business. Complete documentation will be provided later in your presentation, but here we're focused on the high-level concepts. Projected revenues, profit/loss, and key operating expenses belong here in summary, along with projections for the same, out to five years.

### » **Important!**

This is not the place to showcase your complete financial statements or other supporting documents! Your complete financial documents belong in the [Appendix](#).

## **U – FUNDING REQUIREMENTS/USE OF FUNDS**

This is the goal of nearly every business plan proposal—the case for funding. Be specific in your funding requirements, and, most important, be transparent about the way those funds will be used.

### » **Be Sure to Include**

Be sure to include key operating costs, payroll costs, offsets for lost revenue, growth-associated costs, and any other line items pertinent to funding. Every aspect of your funding request needs to have a transparent end goal.

» **Important!**

This is not the place to showcase your complete financial statements or other supporting documents! Your complete financial documents belong in the Appendix.

## Section X – Appendix

One of the hallmarks of a well-constructed business plan proposal is that it is concise while maintaining a comprehensive, direct approach. Complex graphs, charts, and spreadsheets have no place in a smooth, easy-to-follow business plan, except here in the Appendix. The documents that belong here are essential in helping investors make a favorable decision, but they are admittedly boring, and their deciphering takes time. A well-organized Appendix is a must for every successful business plan pitch.

### V – SUPPORTING DOCUMENTATION

Everything that was summarized in (T) [Financial Snapshot](#) and (U) [Funding Requirements](#) should be attached here in full. That means all of the income statements, cash flow projections, balance sheets, etc. This is also the spot for other supporting documentation such as patents, certificates, awards, customer testimonials, etc.