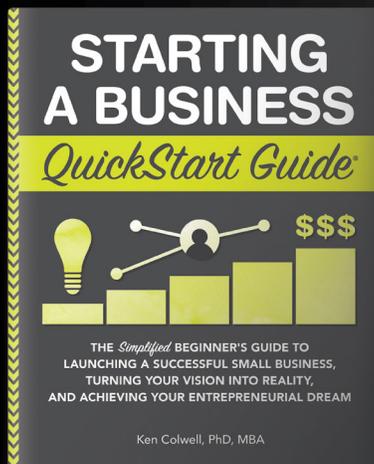


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# Essential Business Plan Checklist

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# Your Comprehensive Business Plan Checklist

A business plan isn't just for you as an entrepreneur. It is also a roadmap your potential investors can follow to see how you plan on delivering a return on their investment.

Being an entrepreneur is as challenging as it is rewarding. Before your new venture dazzles even its first customer, you will need to write a detailed and comprehensive business plan. Use this handy checklist to make sure you haven't left anything out.

## Getting Started – My Business

These are the essentials. These are the aspects of your future business that tie it all together and provide direction. These are the basics, and the foundation that everything is built on—not just within your business plan presentation, but also within the business itself once you are up and running.

### I know the need my business satisfies.

Without fulfilling or satisfying a need, your business will have trouble getting off the ground. A way to think of this is that people don't buy products or services, they purchase solutions to their needs. How does your product or service provide a solution to a need?

### I know the audience my business plan will be presented to.

Different investors have different needs and interests. Keeping this in mind will help produce a successful first round of fundraising. For example, banks as investors are often willing to extend repayment options over a longer period, whereas individual investors are often more interested in a quicker turnaround.

### I know who my potential customers are.

Not everyone has the same needs, and not everyone will be a potential customer. Identifying who your potential customers will be is a crucial step in generating investor confidence and future success. A good question to ask here is “Why will my potential customers buy my product or service?”

### I know how I will reach my potential customers.

As part of a larger comprehensive marketing plan, it is important to know exactly how you intend to reach your potential customers, or the people who have the need that your product or service fulfills. This could include word of mouth, print advertising, social media, etc.

### I know the clear goals and objectives of my future business.

Goal setting is an immensely important aspect of every business endeavor, and all the more important when you are just starting out. Clearly communicating your goals not only helps you focus your efforts, but demonstrates to potential investors that you are serious about launching your business. It shows investors that you have good goal-setting habits and a strategic mindset.

**I know what values drive my business.**

The values that drive your business influence the how and why of the ways in which you will meet your goals and objectives. These are the story elements of your business and are selling points to investors—especially investors that may share your values. People respond to passion, so selecting values that you believe in, as well as values that are a good fit for your target demographic, can be business assets.

**I have a clear plan for producing or delivering my products or services.**

This is the meat of your USP, or Unique Sales/Service Proposition. Knowing how to execute the way in which you will make your money, and communicating it effectively, is the core of your business plan. No investor will be willing to commit funds if you are unsure how you will meet the needs of your potential customers.

**I know how my business will be organized; I can confidently convey initial staffing needs.**

This also includes understanding and communicating how you are prepared to fund payroll for any employees, and how payroll costs will be a feature of your three- and five-year funding plans.

**I can clearly communicate my business structure and the responsibilities that key members will have.**

Conveying an effective and organized decision-making structure means fewer issues down the road due to confusion within the chain of command, or mixed signals. It also reassures investors that the stated business objectives and goals will come to fruition. When banks or individuals are considering investing, they want as few surprises as possible. A well-defined organizational structure is a helpful factor to this end.

**I am aware of ancillary costs and regulatory responsibilities associated with my future business.**

This includes permits, licensing, applicable rules and regulations, etc. Even the most robust businesses can be derailed by surprise fines or litigation, and regulatory agencies often have wide-reaching authority. Look over your business plan. Have you mentioned your plans to insure your business?

## The Next Step – My Market

Marketing is the communications lifeblood of any business, but it is so much more than advertising and promotion. In the initial stages of business planning it is essential to understand the SWOT profile of your business with regard to the ways in which it interacts with others in your market.

**I know my industry.**

This means knowing where your product or service fits into that industry and how it competes with other products or with the industry as a whole. How does your product/service fill an existing gap? How does it leverage an opportunity that exists within the industry now or in the future?

**I know how I will overcome any barriers to entry that may exist within my industry.**

Some industries are difficult to access for less established entrants. This could be due to legal monopolies, category killers, or massive initial levels of capital commitment. Investors

will want to know how you intend to gain access to the market you are pitching to them. Not all markets are as restrictive; knowing what barriers exist is a function of being fluent in the characteristics of your chosen market.

**I know who my competitors are.**

This includes both direct and non-direct competitors. No business exists in a vacuum, and understanding how your business will be a better fit for your potential customers than the competition is the basis of creating competitive edge as well as increasing investor confidence in your business plan.

**I know how big my market share will be.**

Knowing your portion of market share at the outset of your foray into a market is important, and knowing what you can capture right away will inform your growth goals.

**I have a developed plan to react to potential changes within my industry.**

Demonstrating a knowledge of trends and the changing face of your industry inspires confidence in investors. It also sets your business up for success and helps create competitive edge. Always assume your competitors are as well versed in the future of your industry as you are.

## In Detail – My Product or Service

A broad understanding of how your product or service fits the needs of specific customers will earn you a seat at the table, but to have a successful first round of fundraising you must be prepared to answer detailed questions about exactly how you will beat the competition that exists within your industry, and more specifically, your market.

**I know the demographics of my potential customers.**

Demographic information compiles a customer profile that includes segmentation information on a variety of factors. Preferences, sensitivity to price, brand association, and relationship with technology are examples of key demographic information. Of course, this information is useless unless it is leveraged by your marketing strategy; make it clear to your investors that not only do you understand your target demographics, but that your product or service is a perfect fit for their needs.

**I have a plan to match the way I reach customers with how accessible my product or service will be to them.**

This is marketing strategy in a nutshell, but this checklist item is designed to make sure you don't forget the core of how that is achieved.

**I have a pricing structure that reflects the current state of the industry and key demographic information.**

Even in markets where there is very little price sensitivity, price matters to the customer. It also matters to your business. You will need to recoup your costs and then some, but too high of a price will allow your competitors to price you out with little effort. Make sure that you can back up your pricing strategy with data.

**I know the life cycle of my product or service.**

Product life cycle is the time a product spends within the market from inception to retirement. Not all products reach retirement—it is not uncommon for products to be folded into one another or to be changed so much that they become something else

entirely. This same concept applies to services. If you have a short product life cycle, investors will want to know what your plans are to introduce new products once the original product life cycle has ended.

**I have a plan to manage my inventory (if applicable).**

Inventory management is a major source of cost for an organization, and poor planning on this front can produce an array of expensive surprises. When it comes to costs, no one likes surprises.

**I have identified my suppliers and I have a supply chain plan.**

Conveying your plan for getting all the pieces in place (without getting lost in the weeds) is a good practice. If your plan is to contract a third party to handle your supply chain, that's fine, just present that as a part of your plan and make sure the costs are reflected in your pricing structure and funding request.

## Planning for the Future – Growth

Investments are assets that grow in value. Investors will be looking for evidence that your business has growth potential. This is something you should be planning for as well, regardless of investor input.

**I have a plan to sustainably scale my business.**

Scale is more than just growth. Scale means maintaining current levels of efficiency and profitability while increasing the capacity of operations. Unchecked growth may look good on paper, but it can be volatile (and no one likes surprises with their investments). A scalable growth plan conveys stability and a growth mind-set to investors.

**I can identify new markets or market segments to target with a growth mind-set.**

Remember that any assertions presented without data to back them up will damage your chances of securing capital.

**I have a plan for research and development activities (if applicable).**

How will you uncover new opportunities? How much of your money should be set aside for these activities? The answers to these questions are best answered based on the length of your product life cycle and the overall rate of change within your market or industry.

## The Pitch – Funding Request

These checklist items correspond to the funding portion of your business plan presentation. Everything else is supporting evidence that your business is a good investment. This is the pitch, where you ask for your audience's investment.

**I know my current funding requirements as well as funding requirements for the next three and five years.**

Just like knowing how you will match your product or service with the needs of your potential customers, knowing how much money you will need (with the data to back it up) is essential. That's not just knowing the funds you will need for the next month or next three months, but the funds you will need for the next three to five years. Taking the time to plan for five years demonstrates to investors that you are serious about the success of your business venture and that you will not waste their capital.

**I have a clear plan for use of the funds I receive.**

Transparency regarding the use of the funds you will receive is an assurance that investor money will not be wasted, and that it will be used to the greatest effect. Wouldn't you want the same assurance if it was your money on the line?

**I have a financial strategy.**

How do the above two items fit into a financial strategy that supports the completion of my business goals and objectives?

**I have a plan to repay my obligations.**

Your investors will be seeking their investment back and then some. What are your plans to make that happen?

**I have completed financial projection documentation.**

At a minimum, a projection of cash flow and a profit/loss projection are a must. These can be summarized and are of course estimates, but they must be grounded in data to be taken seriously by investors.

## Double Check – The Presentation Details

These are the nitpicky details that won't make a splash alone, but if they are missing your audience will notice. Don't leave them out, and remember to present your business plan in a tabulated format, preferably in a dedicated three-ring binder with dividers for each of the sections.

**Did I include a business summary?**

Your business summary won't get you funding, but if it is missing, investors will notice. A concise business summary demonstrates your respect for your investors' time and keeps a presentation moving smoothly.

**Did I include a products or services summary?**

You know your product/service offering back to front, but your audience won't. Make sure your summary is concise and clear.

**Did I include my mission statement?**

A mission statement is the guiding principle of your soon-to-be-successful business. It is a summary of the way your values will help you achieve your goals and objectives. A mission statement alone has never secured investor commitment, but its absence will be noticed.

**Did I include my customer profile?**

A lot of the conversation surrounding matching products and services with customers presupposes a customer profile. Make sure it is included in your business plan.

**Did I include a summary of the ways in which I will grow my business?**

Your potential investors are busy people. They need access to the data that describes the ways in which you will grow your business, but they also need a summary that is concise and clear.

**Did I include a summary of current investors and my relationships with financial institutions?**

This is a feature of business plans that is easily overlooked. Being able to point to good standing with financial institutions, or, preferably, funds that have already been committed to your business plan, can instill confidence in investors. If someone else was willing to purchase a stake, it makes it much easier to convince your audience that your business plan is sound.

**Is my financial projection summary complete?**

Having the data to back up your financial projections is essential, but that information needs to be summarized for at-a-glance digestion. Remember, as a soon-to-be small business owner, you need the money that investors are willing to part with, but to get it, you must provide them with value in the form of a viable and clearly defined proposition.

**Does my business plan have a cover page?**

A cover page is one of the minor details that won't contribute to the strength of your pitch, but that veteran investors will notice if it's missing.

**Did I include a table of contents?**

Again, your investors are busy people. You want to make the decision to invest in your business proposal as easy as possible and to take up as little of their time and effort as possible. A table of contents is a standard feature in professional business plan pitches. Failing to include it can only hurt the strength of your pitch.

**Is my business plan assembled in the correct order?**

Following a template too closely can actually hurt your pitch; seasoned investors who have dozens of pitches per day come across their desks will recognize the pattern. Nonetheless, following the basic format (Executive Summary, Company Overview, Market Overview, etc.) will signal to investors that you have done your research and that you are a serious contender for their funding.

**Have at least two people reviewed my business plan before I submit it to investors?**

Two heads are better than one. The more pairs of eyes you have on a business plan that will be passed around between investors, the better. However, in a pinch, this checklist will have to do.

*When it comes to double checking your business plan, you can never be too thorough.*

*Of course, the best feedback is the feedback that is provided in real time by real investors who have just heard your pitch. As an entrepreneur, you know the value of always improving and always learning from the world around you.*

*Use this checklist as a second pair of eyes before making the rounds with your business plan, or as a guide while building it from the ground up.*