

What to Include in a Business Plan

What is a business plan?

What should you include in a business plan?

How to structure a business plan?



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Section 1: What is a Business Plan?

A business plan is a document that outlines the strategy and operations of a business. It typically includes information about the business's products or services, target market, industry analysis, management team, financial projections, and other details that are relevant to the business. A business plan is used to guide the development and growth of a business and can be used to secure funding from investors or lenders.

A Canadian business plan should include the following elements:

- **Executive Summary:** This section provides a brief overview of the business, its products or services, and its goals.
- **Company Description:** This section provides a more detailed description of the company, including its history, ownership, management structure, and location.
- **Industry Analysis:** This section provides an overview of the industry in which the business operates, including market size, trends, and major competitors.
- **Market Analysis:** This section describes the target market for the business, including demographics, needs, and buying habits.
- **Sales and Marketing Plan:** This section describes how the business will market and sell its products or services, including pricing strategy, sales channels, and promotional activities.
- **Operations Plan:** This section describes how the business will operate on a day-to-day basis, including details about production, logistics, and supply chain management.
- **Management and Organization:** This section describes the management structure of the business, including the roles and responsibilities of key personnel.
- **Financial Plan:** This section includes financial projections for the business, including projected income statement, balance sheet, and cash flow statement.
- **Appendices:** This section includes any additional information or documents that support the business plan, such as resumes of key personnel, market research data, or product samples.

Section 1: Executive Summary

An executive summary is a brief, high-level overview of the business plan that highlights the key points and main takeaways. It should include the following elements:

Business concept: A brief description of the business concept, including the products or services offered, target market, and unique selling proposition.

- **Problem and solution:** A statement of the problem that the business addresses and the solution that it offers.
- **Market opportunity:** A description of the market opportunity, including the size of the target market and the growth potential.
- **Business model:** A summary of the business model, including the revenue streams, pricing strategy, and key partners or suppliers.
- **Management team:** A brief overview of the management team, including their qualifications, experience, and key roles.
- **Financial projections:** A summary of the financial projections, including revenue and profitability forecasts and the capital requirements.
- **Investment opportunity:** A description of the investment opportunity, including the amount of funding being sought and the proposed use of funds.
- **Exit strategy:** A brief overview of the exit strategy for the business, including options for sale, IPO or passing the business to next generation.

The executive summary should be concise, clear, and compelling, and should provide the reader with a comprehensive overview of the business and its potential for success. It should be written in a way that is easy to understand, even for someone who is not familiar with the industry or the business model. The executive summary should be written last after the complete business plan is written.

Section 2: Company Description

A company description is a section of a business plan that provides an overview of the business, its history, products or services, and its goals. It should include the following elements:

- **Business name and legal structure:** The official name of the business, as well as its legal structure (e.g. sole proprietorship, partnership, corporation, etc.)
- **Mission statement:** A brief statement that describes the purpose of the business and its goals.
- **Products or services:** A description of the products or services offered by the business, including their key features and benefits.
- **Industry and market:** A brief overview of the industry in which the business operates and the market it serves.
- **History:** A summary of the business's history, including when it was founded, who founded it, and any major milestones or achievements.
- **Location and facilities:** A description of the business's physical location and facilities, including the size and capacity of the premises, and any equipment or technology that is used.
- **Ownership and management:** A description of the business's ownership structure, including who owns the business and who manages it.
- **Team:** A brief overview of the key members of the management team and their qualifications and experience.
- **Competitive advantage:** A description of what makes the business unique, including the competitive advantage that sets it apart from its competitors.

The company description should provide the reader with a clear understanding of the business and its goals, as well as its current state and future plans. It should be written in an engaging and informative way and should highlight the key aspects of the business that make it unique and successful. The company description should be written after the executive summary, and it should be brief and concise.

Section 3: Industry Analysis

An industry analysis should include the following elements:

Industry overview: A general description of the industry, including its size, growth rate, and major trends.

- **Market size and forecast:** A projection of the size of the market for the products or services that the business will offer, including revenue and unit sales.
- **Market segmentation:** A description of the different segments of the market, including demographics, needs, and buying habits.
- **Key competitors:** A description of the major competitors in the industry, including their market share, strengths, and weaknesses.
- **Distribution channels:** A description of the channels through which products or services in the industry are sold, including retail stores, e-commerce, and direct sales.
- **Industry regulations:** A description of any laws or regulations that govern the industry, including any relevant industry standards.
- **Industry trends:** A discussion of the major trends that are affecting the industry, including technological advancements, consumer preferences, and economic conditions.
- **SWOT analysis:** A summary of the strengths, weaknesses, opportunities, and threats that the business faces in the industry.
- **Barriers to entry:** A description of the barriers that new entrants to the industry would face, such as economies of scale, brand recognition, or regulatory requirements.
- **Industry statistics and data:** Use of industry data and statistics to support the analysis and projections presented in the plan

It's also important to note that the industry analysis should be up-to-date and relevant to the specific business and location. To conduct a comprehensive industry analysis, it can be helpful to research industry reports, trade associations, government statistics, and news articles.

Section 4: Market Analysis

A market analysis should include the following elements:

- **Industry overview:** A description of the industry in which the business operates, including its size, growth rate, trends, and major players.
- **Target market:** A description of the target market for the business, including demographics, psychographics, and behavior patterns of the customers.
- **Market size and growth:** An estimate of the size of the target market and projections for its growth over the next 3-5 years.
- **Market segmentation:** A breakdown of the target market into smaller segments that the business can target more effectively.
- **Market needs:** An analysis of the needs and pain points of the target market, and how the business's products or services address them.
- **Market trends:** An examination of current and emerging trends in the industry, including technological, economic, and social trends, and their impact on the target market.
- **Competitor analysis:** An analysis of the business's major competitors, including their strengths and weaknesses, market share, and strategies.
- **SWOT analysis:** A SWOT analysis that identifies the business's strengths, weaknesses, opportunities, and threats in the market.
- **Competitive edge:** A description of the business's unique selling proposition (USP) and how it differentiates itself from its competitors.
- **Sales and marketing strategy:** A description of the sales and marketing strategy the business will use to reach and engage its target market, including pricing, promotion, and distribution channels.

The market analysis should provide a comprehensive understanding of the industry, target market, and competitive landscape in which the business operates. It should also demonstrate that the business has a clear strategy for reaching and serving its target market effectively.

Section 5: Sales & Marketing Plan

A sales and marketing plan should include the following elements:

- **Target market:** A description of the specific customer segments that the business will target, including demographics, needs, and buying habits.
- **Product or service offering:** A detailed description of the products or services that the business will offer, including any unique features or benefits.
- **Pricing strategy:** An explanation of how the business will price its products or services, including any discounts, promotions, or financing options.
- **Sales channels:** A description of the channels through which the business will sell its products or services, such as retail stores, e-commerce, or direct sales.
- **Promotion and advertising:** A description of the methods the business will use to promote and advertise its products or services, including advertising campaigns, public relations, and social media marketing.
- **Sales forecast:** A projection of the sales the business expects to generate over the next several years, including revenue and unit sales.
- **Sales strategies and tactics:** A description of the strategies and tactics the business will use to achieve its sales goals, including sales training, lead generation, and customer relationship management.
- **Sales force:** A description of the sales team, their roles and responsibilities, and their compensation plans.
- **Sales budget:** A projection of the costs associated with the sales and marketing plan, including advertising, promotion, and sales personnel expenses.

It's also important to include any competitive analysis, identifying the strengths and weaknesses of the competitors in the market and how they differentiate from your business.

Section 6: Operations Plan

An operations plan should include the following elements:

- **Production process:** A detailed description of how the business will produce its products or deliver its services, including any manufacturing or assembly processes, equipment or tools needed, and any quality control measures in place.
- **Supply chain management:** A description of how the business will acquire the raw materials, components, or services it needs to operate, including any relationships with suppliers and vendors.
- **Logistics:** A description of how the business will move its products from the point of production to the point of sale, including any transportation or warehousing needs.
- **Capacity:** A projection of the business's production and operational capacity, including the number of units that can be produced or services that can be delivered per month or year.
- **Staffing:** A description of the business's staffing needs, including the number of employees needed and their qualifications, roles, and responsibilities
- **Training:** A description of the training that employees will receive, including any certifications or licenses they will need to hold.
- **Quality control:** A description of the quality control measures that the business will use to ensure that its products or services meet customer expectations.
- **Maintenance:** A description of the maintenance schedule for equipment, tools and facilities, and the procedures for handling repairs, replacements, and upgrades.
- **Safety:** A description of the safety protocols and procedures in place to ensure the safety of employees and customers.
- **Continuity:** A description of the plan for handling unexpected interruptions or disruptions in production or delivery, such as natural disasters or supply chain disruptions.

Overall, the operations plan should provide a clear picture of how the business will run on a day-to-day basis and how it will ensure that its products and services are produced and delivered efficiently and effectively.

Section 7: Management & Organization

The management and organization section of a business plan should include the following elements:

- **Organizational structure:** A description of the business's organizational structure, including the roles and responsibilities of each member of the management team, and any advisory board or consultants.
- **Management team:** A brief biography of the key members of the management team, including their qualifications, experience, and relevant skills.
- **Human resources:** A description of the business's human resources policies and procedures, including staffing plans, employee training, and compensation plans.
- **Legal structure:** A description of the legal structure of the business, such as a sole proprietorship, partnership, or corporation.
- **Ownership:** A description of the ownership structure of the business, including the percentage of ownership held by each member of the management team and any outside investors.
- **Board of Directors:** A description of the board of directors, including their qualifications, experience, and relevant skills, and their role in the governance of the business.
- **Advisors:** A description of any advisors or consultants that the business has engaged, including their qualifications, experience, and relevant skills.
- **Professional service providers:** A description of the professional service providers that the business has engaged, such as accountants, attorneys, and insurance agents.
- **Operating agreements:** A description of any operating agreements or other legal documents that govern the operations of the business.
- **Succession plan:** A description of the plan for the continuity of the business in the event that key members of the management team leave or retire.

The management and organization section should demonstrate that the business has a well-qualified and experienced management team in place and that it is structured in a way that will allow it to achieve its goals and objectives efficiently and effectively.

Section 8: Financial Plan

A financial plan should include the following elements:

- **Financial projections:** Projections of the business's financial performance over the next 3-5 years, including projected income statements, balance sheets, and cash flow statements.
- **Break-even analysis:** An analysis of the point at which the business will break even, taking into account all of its fixed and variable costs.
- **Capital requirements:** An estimate of the business's capital requirements, including start-up costs, working capital, and any additional funding that will be required to support growth.
- **Revenue sources:** A description of the business's revenue sources, including pricing strategy, sales forecast, and any plans for diversifying revenue streams.
- **Funding sources:** A description of the business's funding sources, including any equity investments, loans, or lines of credit that will be used to finance the business.
- **Financial risks:** An assessment of the financial risks that the business faces, including potential challenges in raising capital, managing cash flow, and dealing with unexpected expenses.
- **Use of funds:** A description of how the business will use the funds it raises, including specific investments in equipment, inventory, and staff.
- **Sensitivity analysis:** A sensitivity analysis that shows how the business's financial projections would be affected by changes in key variables such as sales volume, prices, and costs.
- **Financial ratios:** An analysis of key financial ratios, such as liquidity, profitability, and efficiency ratios, which will help to evaluate the financial health of the business.
- **Exit strategy:** A description of the exit strategy for the business, including options for sale, IPO or passing the business to next generation.

Overall, the financial plan should provide a clear picture of the business's financial position and performance over time, as well as its funding needs and strategies for achieving profitability and growth. It should also demonstrate that the business has a solid understanding of its financial risks and is taking steps to manage them effectively.

Section: 9 Appendices

Appendices are additional information or supporting documents that are included at the end of a business plan. They are typically used to provide detailed information that would be too lengthy or technical to include in the main body of the plan. The following items are typically included in the appendices:

- **Resumes of key management team members:** Detailed resumes of the key members of the management team, including their qualifications, experience, and relevant skills.
- **Supporting documents:** Any relevant supporting documents such as licenses, patents, agreements, contracts, or legal documents.
- **Market research:** Detailed market research data and analysis that was used to support the market analysis section of the plan.
- **Financial statements:** Detailed financial statements, including balance sheets, income statements, and cash flow statements, that provide additional information about the business's financial performance and position.
- **Reference letters:** Letters of reference or testimonials from customers, suppliers, or industry experts that can provide additional credibility to the business.
- **Product Samples or prototypes:** If the product is tangible, it is good to have physical samples of the product or prototypes to show to investors and customers.
- **Images, diagrams, or charts:** Additional images, diagrams, or charts that can help to illustrate important points in the plan.
- **Additional details:** Any additional details that would be useful for the reader to understand the business and its plans, such as process flow diagrams, technical details, or regulatory compliance information.

It's important to note that the appendices should be well-organized and easy to navigate and should be referenced in the main body of the plan when relevant, so the reader knows where to find the additional information they need. The appendices should be included at the end of the business plan and should be easily accessible.