

How to write a business plan - 10 top tips

There are a number of reasons why you might have decided to write a business plan. For most, writing a business plan is an essential part of the start-up process. It can give your company a stronger sense of direction, help you map out some clear objectives, and assist in securing vital funds from lenders and investors. All of these points are, of course, applicable to more established companies too.

Although a well-constructed business plan can work hard for you once completed, it is unlikely you will ever get it right on the first go. Also, what goes into your plan will be largely dictated by the nature of your business. Whatever the specifics of your company, there are a number of general rules that you should try to follow when writing your plan.

We have listed what we believe to be the top 10 tips to help you create a business plan that is hard to forget. These are:

- 1.) **Make sure it's clear and concise** – a business plan must cover all of the key points, but unnecessary content will reduce the overall impact of the document. It is therefore important that pages are succinct. Also, too many pages will almost certainly put the reader off. For many small businesses, 10-20 pages will often be enough to detail the main points.
- 2.) **Get a second opinion** – in nearly all cases, it is advisable that you get another person to look over your business plan. Even if this means incurring a small cost, this is an essential part of smoothing over any cracks in your business strategy. Remember, it is far better that you discover potential problems before a lender or business partner does.
- 3.) **Cover the key points** – nearly all business plans should include the sections; Company, Product/Service, Market, Competition, Management Team, Marketing, Operations and Financials. Always think about who you are pitching to, and try to think if you have overlooked anything that might be particularly relevant to them.
- 4.) **Perfect your Executive Summary** – as the name suggests, the Executive Summary summarises your entire business plan. Placed at the start of the document, the Executive Summary needs to be clear, punchy and intriguing. The Executive Summary will often dictate whether an investor will read the rest of your plan, so it is crucial you get it absolutely right.
- 5.) **Make sure it's up-to-date** – there is no point in submitting a business plan that relies on figures from five years ago. Doing so will undermine your credibility and understanding of the modern business world. Ensure that you regularly review your plan to ensure that your numbers are rooted in recent business figures and trends.



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- 6.) **Develop an exit strategy** – it may seem strange to create an exit strategy at such an early stage, but this is a crucial part of any business plan. Exit strategies can include anything from selling shares and liquidating, to listing your business on the stock market. By creating a realistic exit strategy, you are showing that you have looked beyond the immediate-term.
- 7.) **Understand your market** – many businesses fail because they don't fully understand the market they're operating in. A thorough analysis of your competitors should be high on the priority list. And don't be shy – contact your competitors direct for an insight into the marketplace and you might be surprised at how forthcoming they are.
- 8.) **Underline the income** – just because an idea is great, it doesn't mean that it'll make money. This is the view that most lenders and investors will take, so it's essential that your business plan emphasises your main sources of income. Bear this in mind when considering its structure. The reader must believe your business idea is a profitable one from start to finish.
- 9.) **Know your limits** – even if you have a winning idea, be realistic with your ambitions. A venter specialising in England football merchandise may do really well during the 2010 World Cup, but how viable is such a business for the rest of the year? Also, not every product or service will lend itself to expansion.
- 10.) **Use concrete figures** – even if you're 100% confident that your ideas will work, you still need to back these up with solid figures. If you feel that radio advertising is the way forward for your business, make sure that you provide figures of reach, potential returns etc. This way it shows that you have properly weighed up your options.



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