



Write a Business Plan

- **Purpose**
- **Key components**
- **Most important elements**

The purpose of a business plan is to serve as a roadmap for the present and a vision of the future. It can also help to attract investors for your business. The SBA and Small Business Development Centers can help you to create a business plan. There are many books and Web sites on the subject. Here are key components of what the plan should include:

Executive summary—business concept, key success factors, and financial situation/needs

Company profile—inspirational vision statement describing the business you want to create, including who your customers will be, what and how you plan to sell to them; and, a mission statement describing why your business exists and why customers will buy your product or service. The best mission statements briefly but powerfully convey a company's commitment to its customers.

Products and services—product/service description, positioning of products/services, and competitive evaluation of products/services.

Competitive analysis—industry overview, competition, competitor products and services, opportunities; key strengths and weaknesses compared to your competitors.

Market analysis—market overview, market segments, and target market and customers. To show investors or lenders that you have researched the market and understand the challenges, include reasons why the venture could fail, and your strategies for addressing these risks.

Objectives—your highest priority goals in the key areas of your business, including finance marketing, and operations. What do you want to accomplish in the near-term future? Where will you focus your time and resources? The best objectives are clearly-stated, specific, and measurable.

Strategies—the general approaches you will take to achieve your goals. Strategies describe how you will go about making your business successful over time given the strengths and weaknesses inside your business and the opportunities and threats in the marketplace.

Plans—the specific action steps you will take to achieve your objectives. Effective plans clearly state “who will do what by when.”

Write a Business Plan (continued)

Management qualifications and operations—key personnel, organizational structure, product/service delivery, customer service/support, facilities. To get bank financing or investors, management experience is a critical element of your plan because investors generally invest in people, not products. A lot of businesses have great product ideas, but not all have the skills and experience to succeed.

Financial information—assumptions and comments, starting balance sheet and projection, profit-and-loss projection, cash flow projection, and ratios and analyses

If you want to attract investors or get bank financing for your business, the experience of the management team is one of the most important elements of your plan. Your product or service is almost secondary, because, in general, investors invest in people, not products. A lot of businesses have great product ideas, but not all have the skills and experience to succeed.

Also concentrate on the market analysis section of your plan. This should include reasons why the venture could fail, and your strategies for addressing these risks. You want to show investors or lenders that you have researched the market and understand the challenges.

Review your business plan twice a year to see if it still fits your company or if you need to make changes to your strategic direction.

We invite you to contact Wells Fargo for further information and assistance. Visit our Web site at www.wellsfargo.com or any Wells Fargo store.