How to Write an effective

Business Plan

Raise Funds
Run Your Business
Develop Partnerships

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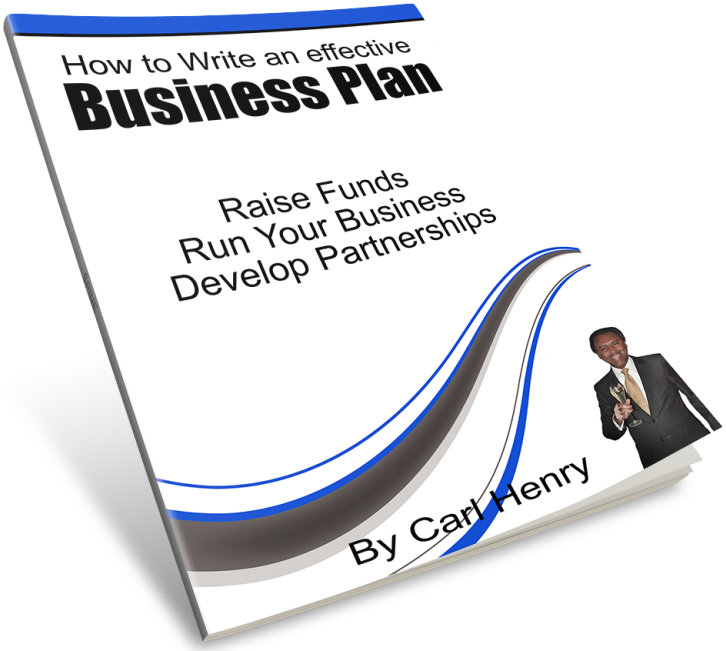
Contents



1. Executive Summary

This is an overview of your business and your plans. It comes first in your plan and is ideally only 1-2 pages. **Write it last**

The executive summary introduces your company, explains what you do, and lays out what you're looking for from your readers.

Your executive summary is your pitch. You've heard of—and probably even given—an "elevator pitch"; write your business plan's executive summary like it's an elevator pitch that you've had the time to edit to perfection.

It should introduce you, your business, and your product, but the purpose of writing an executive summary is also to deliver a hard sell. Convince your reader here that you have a great idea they should invest their time and money in.

Here are the 7 key components that every elevator pitch should contain:

1. Problem

The most important thing is to identify a problem that is worth solving. If your product or service doesn't solve a problem that potential customers have, you don't have a viable business. Simple as that.

Now, you don't have to be solving a massive problem where the solution will change the world. That's great if you are tackling such a problem, but for most businesses, that's not the reality. Problems can be simple—and that's OK. As long as you, as an entrepreneur, are solving a problem that customers have, you can build a business.

Try and distil your customer's problem down to its simplest form. Ideally you should be able to describe the problem you are solving in one or two sentences, or potentially a few bullet points. In the long run, your company may solve multiple customer problems, but initially you will be more successful if you just focus on one core problem.

2. Solution

Too many entrepreneurs start with a solution: a product or service that they think the market needs without first identifying the problem they are solving. As a smart entrepreneur, you can avoid this mistake by first making sure that you are solving a real problem that customers actually have before you define your solution (see point one).

Once you have clearly defined the problem you are solving, you need to explain your solution. A clear problem statement will help you focus your solution on solving that one problem, and not stretch the solution to solve multiple potential problems.

Again, try and distil your solution description down to as few words as possible. You should be able to describe your solution at a high level in just a few sentences or bullet points.

3. Target market

As you define the problem you are solving, you should naturally be thinking about the potential customers who have this problem. In the Target Market section of your pitch, you will define exactly who has the problem you are solving and figure out how many potential customers you will be trying to sell to.

You should try and divide your target market into segments—smaller groups of people whom you expect to market to.

It's always tempting to define a target market that's as large as possible, but that does not make for a credible pitch. For example, if you have a new shoe company, it would be tempting to say that your target market is "everyone."

After all, everyone has feet and everyone needs shoes, don't they? But, realistically, your new shoe company is probably targeting a specific group of people, such as athletes. Within this group of athletes, you might segment the market into additional groups such as runners, walkers, hikers, and so on.

Once you have created a good list of target market segments, you'll need to do a little research and estimation to figure out how many people are in each

segment. Next, try and estimate what an average person in each group currently spends each year on their current solution to the problem you are solving. Now, just multiply the number of people by how much they currently spend and you will have a realistic "market size" number or your target market.

In your pitch, you will want to talk about the market segments you are targeting, how many people are in each segment, and the total amount they currently spend. These numbers are critical and must be part of any good pitch presentation.

4. Competition

Every business has competition. Even if no one has come up with a solution similar to what you have come up with, your potential customers are solving the problem they have with some alternative.

For example, the competitors to the first cars weren't other cars but horses and walking. As you think about your competition and existing alternatives, think about what advantages your solution offers over the competition. Are you faster, cheaper, better? Why would a potential customer choose your solution over someone else's? Describing your key differentiators from your competition is a great exercise and ensures that you are building a unique solution that customers will hopefully choose over other alternatives. These differentiators will also help you focus your marketing on the key value proposition (or USP) that you offer that your competitors don't.

5. Team

As great as your idea is, only the right team will be able to effectively execute and build a great company.

In the "team" portion of your pitch, you should talk about why you and your business partners are the right team to execute on your vision and why your team's skill set is precisely what is needed to lead your company to success. People often say that a company's leadership team is more important than the idea—and this is often true. No matter how great or unique your solution is, if you don't have the right people on board, you won't be able to see it to fruition.

It's also OK to not have an entire team in place. It's more important to understand that you have gaps in your management team and that you need to hire the right people. Knowing what your team is missing and recognizing that you need to find the right talent to fill the gaps is an important trait in any entrepreneur.

6. Financial summary

For a great pitch, you don't necessarily have to show a detailed five-year forecast. What's more important is that you understand your business model. "Business model" may sound like something complex, but fortunately it's not.

All you need to know is who pays your bills and what kinds of expenses you will have. For example, if you are starting an online news site, the customers that pay the bills are your advertisers. Your costs will be writers, graphic designers and web hosting. As you learn more about your industry, it is certainly helpful to put together a sales forecast and expense budget. You will want to ensure that you can build a profitable company based on your assumptions. But, for your pitch, a detailed forecast isn't necessarily required.

7. Milestones

The final key element of your elevator pitch is conveying your business milestones, or your schedule.

Here you will want to talk about your upcoming goals and when you plan to achieve them. If you have already accomplished notable milestones, you should mention those. For example, if you have invented a new medical device, potential investors will want to know where you are in the clinical trial process. What steps have been accomplished and what's the projected schedule for final approvals from the authorities? If you are opening a restaurant, investors will want to know about plans to sign a lease, design the interior, and open for business.

Talking about upcoming milestones in your pitch makes your business a reality. This section of the pitch illustrates how well you have thought through the detailed steps it's going to take to open your business and start making money.

2. Company Overview

The company overview provides a quick review of the company's legal structure and location, as well as some background on the company's history if you're writing the plan for an existing business. The company overview will most likely be the shortest section of your business plan.

This section should include your mission statement, a review of your company legal structure and ownership, a brief history of the company if it's an existing company, and a summary of the business location.
Company history.

If you are writing a business plan for an existing company, it's appropriate to include a brief history of the company and highlight major historical achievements. Again, keep this section short—no more than a few paragraphs at most. This section is especially useful to give context to the rest of your plan, background on the company so that they have better context for the work that they are doing and where the company has come from over the years.

3. Products and Services

What are you actually selling and how are you solving a problem (or "need") for your market?

The Products and Services section of your business plan is where the real meat of your plan lives. This is where you will describe in detail the problem that you're solving, your solution, and how your product or service fits into the existing competitive landscape.

You'll also use this section of your business plan to demonstrate what sets your solution apart from others, and how you plan to expand your offerings in the future.

You will have already summarised much of what's in this chapter in your executive summary, but this chapter is still hugely important because it is where you expand on your initial overview, providing more details and answering additional questions that you didn't cover in the executive summary.

The problem and solution

Start this chapter by describing the problem that you are solving for your customers. What is the primary pain point for them? How are they solving their problems today? Maybe the existing solutions to your customer's problem are very expensive, or perhaps they are cumbersome. For a business with a physical location, perhaps there aren't any existing solutions within reasonable driving distance.

If you can't pinpoint a problem that your potential customers have, then you might not have a viable business concept.

Defining the problem you are solving for your customers is far and away the most critical element of your business plan and crucial for your business success.

If you can't pinpoint a problem that your potential customers have, then you might not have a viable business concept.

To ensure that you are solving a real problem for your potential customers, a great step in the business planning process is to get away from your computer and actually go out and talk to potential customers. Validate that they have the problem you assume they have, and then take the next step and pitch your potential solution to their problem.

Is your solution a good fit for them?

Once you have described the problem that your target market has, the next section of your business plan should describe your solution. Your solution is the product or service that you plan on offering to your customers. In this section, you should describe your solution in detail. What is it and how is it offered? How does your solution solve the problem that your customers have?
For some products and services, you might want to describe use cases. These use cases describe how a customer will interact with your solution and how your solution makes the customer's life better.

Competition

Immediately following your problem and solution description, you should describe your competition. Who else is providing solutions to try and solve your customers' pain points? What are your competitive advantages over the competition?

Most business plans use a "competitor matrix" to list out competitors and then show how they compare to your business's solution. You can build a simple competitor matrix by listing your competitors down the left side of a grid and then adding columns for each feature. Then use checkmarks to indicate if competitors have a particular feature or not.

The most important thing to illustrate in this section of your business plan is how your solution is different or better than other offerings that a potential customer might consider. Investors will want to know what advantages you have over the competition and how you plan on differentiating yourself.

The simple fact is that all businesses have competition.

One of the biggest mistakes entrepreneurs make in their business plans is stating that they don't have any competition. The simple fact is that all businesses have competition.

Competitors may not always come in the form of **"direct competition",** which is when you have a competitor offering a similar solution to your offering. Often times, you may be dealing with **"indirect competition",** which is when consumers solve their problem with an entirely different kind of solution.

For example, when Henry Ford was first marketing his cars, there was very little direct competition from other car manufacturers. Instead, Ford was competing with other forms of transportation, including horses, bikes, trains, and walking. On the surface, none of these things look like real competition, but these alternative solutions where what people would use to solve their transportation problems at the time.

The competition to Henry Ford's Model T wasn't other cars—it was horses.

For many companies, the sections I just described will be enough to build out a robust Products and Services chapter in your business plan. But, some

companies will need to go into some additional detail and provide more information about the following:

Sourcing and fulfilment: If your company is buying the products it is selling from other vendors, it's important to include details on where your products are coming from, how you they get delivered to you, and ultimately how you deliver the products to the customer. If you are sourcing products from manufacturers overseas, investors are going to want to know about your progress working with these suppliers. If your business is going to be delivering products to your customers, you should describe your plans for shipping your products.

Technology: If you are a technology company, it's critical for your business plan to describe your technology and what your "secret sauce" is. You don't have to give away trade secrets in your business plan, but you do need to describe how your technology is different and better than other solutions out there. At a high level, you will want to describe how your technology works. You don't need to go into excruciating detail here, though–if an investor is interested in more detail they will ask for it, and you can provide that information in a separate document. Remember, your goal is to keep your business plan as short as possible, so too much detail here could easily make your plan much too long.

Intellectual property: Again, this mostly applies to technology and scientific ventures. But, if you have intellectual property that is proprietary to your business and helps your business defend itself against competitors, you should detail that information here. If you have patents or are in the patent application process, this is the place to highlight those patents. Equally important to discuss is technology licensing – if you are licensing core technology from someone else, you need to disclose that in your business plan and be sure to include details of the financial relationship.

Future products and services: All entrepreneurs have a vision of where they want to take the business in the future if they are successful. While it's tempting to spend a lot of time exploring future opportunities for new products and services, you shouldn't expand too much on these ideas in your business plan. It's certainly useful to include a paragraph or two about potential future plans, to show investors where you are headed in the long term, but you don't want your plan to be dominated by long-range plans that may or may not come

to fruition. The focus should be on bringing your first products and services to market.

4. Target Market

Who are you selling to? If there are multiple market segments for your business, this is where you flesh out the details.

A good business plan will identify the target market segments and then provide some data to indicate how fast each segment is growing. When identifying target markets, a classic method is to use the TAM, SAM, and SOM breakdown to look at market sizes from a top-down approach as well as a bottom-up approach. Here are some quick definitions:

TAM = your Total Available or Addressable Market (everyone you wish to reach with your product)

SAM = your Segmented Addressable Market or Served Available Market (the portion of TAM you will target)

SOM = your Share Of the Market (the subset of your SAM that you will realistically reach—particularly in the first few years of your business)
Once you have identified your key market segments, you should discuss the trends for these markets.

Are they growing or shrinking? Discuss the market's evolving needs, tastes, or other upcoming changes to the market.

Once you have your target market segments defined, it's time to define your ideal customer for each segment.

Your ideal customer is a fictitious representation of your market and is often called a "buyer persona" or "user persona." Your buyer persona should be defined with a name, gender, income level, likes, dislikes, etc. While this may seem like additional work on top of the market segmentation that you have already done, **having a solid buyer persona will be an extremely useful tool to help you define the kinds of marketing and sales activities you will develop to attract these ideal customers.**

5. Marketing and Sales Plan

How are you going to reach your target market? What marketing and sales tactics will you be using?

Give details how you plan to reach your target market segments, how you plan on selling to those target markets, what your pricing plan is, and what types of activities and partnerships you need to make your business a success.

Positioning

The first part of your marketing plan will cover how you are positioning your company and your product or service offering. Positioning is how you will try and present your company to your customers. Are you the low-price offering or are you the premium, luxury brand in your market? Do you offer something that your competitors don't offer?

Before you start working on your positioning statement, you should take a little time to evaluate the current market and answer the following questions:

1. What features or benefits do you offer that your competitors don't?
2. What are your customers' primary needs and wants?
3. How are your competitors positioning themselves?
4. How do you plan on differentiating from the competition? In other words, why should a customer choose you instead of someone else?
5. Where do you see your company in the landscape of other solutions?

Once you've answered these questions, you can then work on your positioning strategy and define it in your business plan. Don't worry about making your positioning statement very long or in-depth. You just need to explain where your company sits within the competitive landscape and what your core value proposition is that differentiates your company from the alternatives that a customer might consider.

You can use this simple formula to develop a positioning statement:

For [target market description] who [target market need], [this product] [how it meets the need]. Unlike [key competition], it [most important distinguishing feature].

Pricing

Price sends a very strong message to consumers and can be an important tool to communicate your positioning to consumers. If you are offering a premium product, a premium price will quickly communicate that message to consumers.

Deciding on your price can feel more like an art than a science, but there are some basic rules that you should follow:

1. Your pricing should cover your costs. There are certainly exceptions to this, but for the most part you should be charging your customers more than it costs you to deliver your product or service.
2. Your initial price may not be your primary profit centre. For example, you may sell your product at, or even below, your cost, but require a much more profitable maintenance or support contract to go along with the purchase.
3. Your prices need to match up with consumer demand and expectations. Price too high and you may have no customers. Price too low and people may undervalue your offering.

You can establish your pricing based on several factors. You can look at your costs and then mark up your offering from there. This is usually called “cost-plus pricing” and can be effective for manufacturers where covering initial costs is critical.

Another method is to look at the current landscape of competitors and then price based on what the market is expecting. You could price at the high-end or low-end of the market to establish your positioning.

Yet another method is to look at a “value pricing” model where you determine the price based on how much value you are providing to your customer. For example, if you are marketing lawn care to busy professionals, you may be saving your customers 1 hour/week. If that hour of their time is valued at $50/hour, your service could charge $30/hour.

Promotion

With pricing and positioning taken care of, it's time to look at your promotion strategy. A promotion plan details **how you plan on communicating with your prospects and customers**.

Here are a few areas that you might consider as part of your promotional plan:

Packaging

If you are selling a product, packaging of that product is critical. Does your packaging match your positioning strategy? How does your packaging communicate your key value proposition? How does your packaging compare to your competition? If you have images of your packaging, including those in your business plan is always a good idea.

Advertising

Your business plan should include an overview of the kinds of advertising you plan to spend money on. Will you be advertising online? Or perhaps in traditional media? A key component to your advertising plan is your plan for measuring the success of your advertising.

Public relations

Getting the media to cover you can be a great way to reach your customers. Getting a prominent review of your product or service can give you the exposure you need to grow your business. If public relations if part of your promotional strategy, detail your plans here.

Content marketing

A popular strategy for promotion is engaging in what is called content marketing. Content marketing is when you publish useful information, tips, and advice—usually made available for free—so that your target market can get to know your company through the expertise that you deliver. Content marketing is about teaching and educating your prospects on topics that they are interested in, not just on the features and benefits that you offer.

Social media

These days, having a social media presence is essentially a requirement for the vast majority of businesses. You don't need to be on every social media channel, but you do need to be on the ones that your customers are on. More and more, prospects are using social media to learn about companies and to find out how responsive they are.

Distribution

For product companies, a distribution plan is an important part of the complete business plan. For the most part, service companies can skip this piece and move on.

Distribution is how you will get your product into the hands of your customers.

Every industry has different distribution channels and the best way to create your distribution plan is to interview others in your industry to figure out what their distribution model is.

Here are a few common distribution models that you may consider for your business:

Direct

Selling directly to consumers is by far the simplest and most profitable option. You could consider passing the savings of selling direct on to your customers or you could simply increase your profit margins. You will still need to cover the logistics of how you will get your products to your customers from your warehouse, but a direct distribution model is usually fairly simple.

Retail distribution

Most large retailers don't like the hassle of dealing with thousands of individual suppliers. Instead, they prefer to buy through large distribution companies that aggregate products from lots of suppliers and then make that inventory available to retailers to purchase. Of course, these distributors take a percentage of the sales that pass through their warehouses.

Manufacturers' representatives

These are typically salespeople who work for a "repping" agency. They often have relationships with retailers and distributors and work to sell your products into the appropriate channel. They typically work on commission and it's not uncommon for a rep to be necessary in getting a new company access to a distributor or retailer.

OEM

This stands for "original equipment manufacturer." If your product is sold to another company that then incorporates your product into their finished product, then you are using an OEM channel. A good example of this is car parts suppliers. While large auto manufacturers do build large components of their cars, they also purchase common parts from third-party vendors and incorporate those parts into the finished vehicle.

Most companies use a mixture of distribution channels as part of their plans, so don't feel that you need to be limited to a single channel. For example, it is very common to both sell direct and via distributors—you can purchase an iPhone directly from Apple, or go into a Target store and get one there.

Strategic alliances

As part of your marketing plan, you may rely on working closely with another company in a form of partnership. This partnership may help provide access to a target market segment for your company while allowing your partner to offer a new product or service to their customers.

If you have partnerships already established, it's important to detail those partnerships in your business plan.

6. Milestones and Metrics

If you've accomplished some key milestones in the process of building your business, detail them here. This chapter also defines how you measure success.

A business plan is only a business plan with an implementation plan, complete with a schedule, defined roles, and key responsibilities. It's time to look forward and schedule the next critical steps for your business.

Investors will want to see that you understand what needs to happen to make your plans a reality and that you are working on a realistic schedule.

Start with a quick review of your milestones. Milestones are planned major goals. For example, if you are producing a medical device, you will have milestones associated with clinical testing and government approval processes.

If you are producing a consumer product, you may have milestones associated with prototypes, finding manufacturers, and first order receipt.

While milestones look forward, you will also want to take a look back at major accomplishments that you have already had.

Investors like to call this "traction." What this means is that your company has shown some evidence of early success. Traction could be some initial sales, a successful pilot program, or a significant partnership. Sharing this proof that your company is more than just an idea—that it has actual evidence that it is going to be a success—can be critically important to landing the money you need to grow your business.

In addition to milestones and traction, your business plan should detail the **key metrics** that you will be watching as your business gets off the ground. Metrics are the numbers that you watch on a regular basis to judge the health of your business. They are the drivers of growth for your business model and your financial plan.

For example, a restaurant may pay special attention to the number of table turns they have on an average night and the ratio of drink sales to food sales. An online software company might look at churn rates (the percentage of customers that cancel) and new signups.

Every business will have key metrics that it watches to monitor growth and spot trouble early, and your business plan should detail the key metrics that you will be tracking in your business.

Finally, your business plan should detail the key assumptions you have made that are important for your businesses success. Another way to think about key assumptions is to think about risk. What risks are you taking with your business?

For example, if you don't have a proven demand for a new product, you are making an assumption that people will want what you are building.

When you recognize your assumptions, you can set out to prove that your assumptions are correct. The more that you can minimize your assumptions, the more likely it is that your business will succeed.

7. Management Team

Investors look for great teams in addition to great ideas. Use this chapter to describe your current team and who you need to hire.

investors don't invest in ideas, they invest in people

What this really means is that running a successful business all comes down to execution. Can you actually accomplish what you have planned? Do you have the right team in place to turn a good idea into a great business that will have customers banging down your doors?

The Management Team chapter of your business plan is where you make your best case that you have the right team in place to execute on your idea. The Management Team chapter also shows that you have thought about the important roles and responsibilities your business needs in order to grow and be successful.
Outline the experience of your management team, and cover your estimated personnel costs.

Summarize your management chapter

The personnel management section of your plan outline will normally include an explanation of:

1. Your management team
2. Management philosophy
3. Backgrounds
4. Organization and functions
5. Plus at least one table that covers your estimated personnel costs

The management chapter starts, like the other chapters, with a good summary. You may want to use that summary as part of a summary memo or loan application document, so cover the main points.

Consider what you'd say about your management if you only had one or two paragraphs to say it.

Make sure you cover the basic information first. That would include;

1. how many employees the company has,
2. how many managers,
3. and how many of the managers are founders.
4. Is your organizational structure sound?
5. with job descriptions and logical responsibilities for all the key members?
6. Is your team complete,
7. or are there gaps still to be filled?

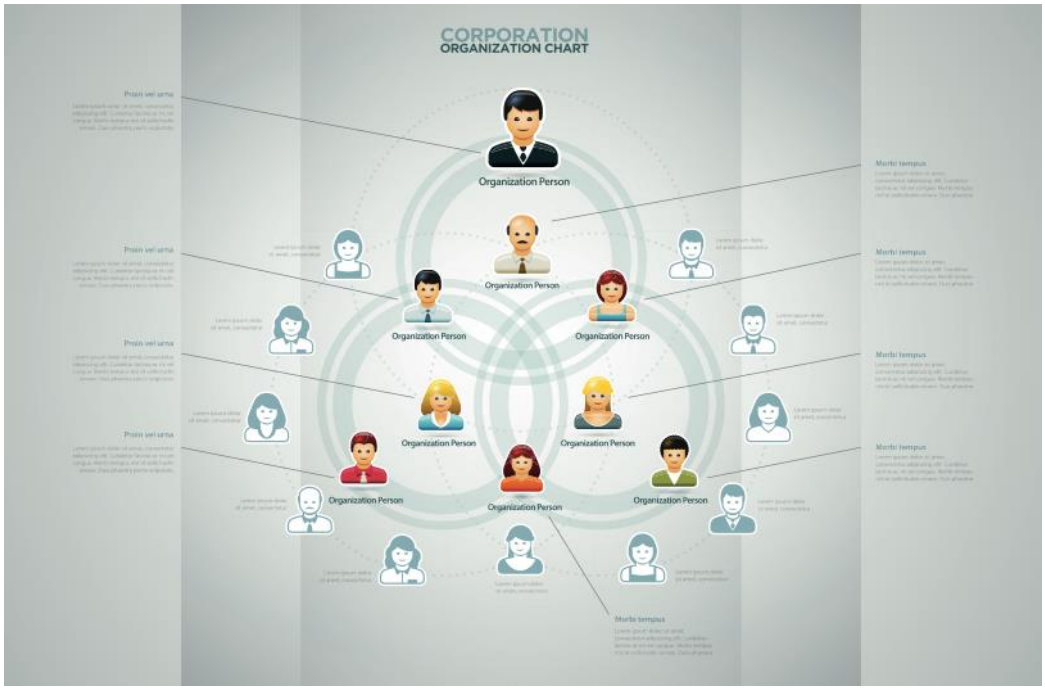
Particularly with start-up companies, you may not have the complete team as you write the plan. In that case, be sure to point out the gaps and weaknesses and how you intend to fill them.

Explain your organizational structure

The organisational structure of a company is what you frequently see as an organisational chart. If you have access to a graphic of an organizational chart (from a drawing program, or one of the specialized organizational charting software packages available), that works really well at this point. If not, you

can just use the text to describe the organizational structure in words, without a chart.

Make sure you explain how job descriptions work and how the main company



functions are divided up;

1. Are your organisational lines drawn clearly?
2. Is the authority properly distributed?
3. Do you have jobs that include responsibility without authority?
4. Do your resources seem in line with your organizational needs?

List team members and their backgrounds

List the most important members of the management team. Include summaries of their backgrounds and experience, using them like brief resumes. Describe their functions with the company. CVs if included should be appended to the plan.

Discuss your management gaps

You may have obvious gaps in the management, especially in start-up companies, but even in ongoing companies. For example, the manufacturing

company without a production manager has some explaining to do, and the computer company without service has some problems.

It is far better to define and identify a weakness than to pretend it doesn't exist. Specify where the team is weak because of gaps in coverage of key management functions. How will these weaknesses be corrected? How will the more important gaps be filled?

Other management team considerations

Applicability depends on your company. Some questions that should be answered include:

1. Do any managers or employees have "non-compete" agreements with competitors?
2. Who is on your board of directors?
3. What do the members contribute to the business?
4. Who are your major stockholders? What is their role in management?

Develop your personnel costs

At this point you should normally **include a** personnel **table** to project personnel costs, including direct compensation and indirect costs.

The **indirect costs include** vacation pay, sick pay, insurance benefits, education, and of course, payroll taxes and some other costs. These costs are a cost over and above the direct wages and salaries.

8. Financial Plan

Your business plan isn't complete without a financial forecast. A typical financial plan will have monthly projections for the first 12 months and then annual projections for the remaining three to five years. Three-year projections are typically adequate, but some investors will request a five-year forecast.
Following are details of the financial statements that you should include in your business plan, and a brief overview of what should be in each section.

Sales forecast

Your sales forecast is just what it says: Your projections of how much you are going to sell over the next few years.

A sales forecast is typically broken down into several rows, with a row for each core product or service that you are offering. Don't make the mistake of breaking down your sales forecast into excruciating detail. Just focus on the high-level at this point. For example, if you are a restaurant, you might break down your forecast into these groups: lunch, dinner, and drinks. If you are a product company, you could break down your forecast by target market segments or into major product categories.

Your sales forecast will also include a corresponding row for each sales row to cover Cost of Goods Sold, also known as Direct Costs. These rows show the expenses related to making your product or delivering your service. These should only include those costs directly related to making your products, not regular business expenses such as rent, insurance, salaries, etc.

For restaurants, it would be the cost of ingredients. For a product company, it would the cost of raw materials. For a consulting business, it might be the cost of paper and other presentation materials.

Personnel plan

Your personnel plan details how much you plan on paying your employees. For a small company, you might list every position on the personnel plan and how much will be paid each month for each position. For a larger company, the personnel plan is typically broken down into functional groups such as "marketing" and "sales."

The personnel plan could also include what is typically called "employee burden", which is the cost of an employee beyond salary. This includes payroll taxes, insurance, transport and other necessary costs that you will incur every month for having an employee on your payroll.

Profit and loss statement

Also known as the Income Statement, the Profit and Loss (or P&L) is where your numbers all come together and show if you're making a profit or taking a loss. The P&L pulls data from your sales forecast and your personnel plan and

also includes a list of all your other ongoing expenses associated with running your business.

The basic suite of financial statements a company produces, at least annually, consists of the statement of cash flows, the balance sheet, and the Profit & Loss.

The ones that people most often look at (and most often pretend to understand), are the latter two. The major difference between them is this: the balance sheet is essentially a snapshot, while the income statement is a movie.

In other words, the balance sheet shows what you own (assets) and what you owe (liabilities) at a moment in time (Annual Accounting Date).

The income statement shows what happens over a period of time (usually a year); what comes in, what goes out, and what's left over at the end.

The P&L also contains the all-important "bottom line" where your expenses are subtracted from your earnings to show if your business is making a profit each month or potentially incurring some losses while you grow.

Cashflow Forcast

The cash flow statement often gets confused with the profit and loss statement, while the P&L calculates your profits and losses, the cash flow statement keeps track of how much cash (money in the bank) that you have at any given point.

Balance sheet

The last financial statement that most businesses will need to create as part of their business plan is the balance sheet. The balance sheet provides an overview of the financial health of your business. It lists the assets in your company, the liabilities, and your (the owner's) equity. If you subtract the company's liabilities from assets, you can determine the net worth of the company.

Use of funds

If you are raising money from investors, you should include a brief section of your business plan that details exactly how you plan on using your investors' cash. This section doesn't need to go into excruciating detail about how every last Pound/Euro will be spent, but instead show the major areas where the investors' funds will be spent. These could include marketing, R&D, sales, or perhaps purchasing inventory.

Exit strategy

The last thing that you might need to include in your Financial Plan chapter is a section on your exit strategy. An exit strategy is your plan for eventually selling your business, either to another company or to the public in an IPO. If you have investors, they will want to know your thoughts on this.

After all, your investors will want to get a return on their investment, and the only way they will get this is if the company is sold to someone else.

Again, you don't need to go into excruciating detail here, but you should identify some companies that might be interested in buying you if you are successful.

9. Appendix

If you need more space for product images or additional detailed or technical information, contain them in an appendix. This way if the reader is really interested they can dig deeper into your proposition or industry, the main body of your plan is kept short and easily digested.