

Developing a Business or Marketing Plan



Figure 1. Photograph of a business woman with a stylus and PDA. Photography © 2011 Jupiterimages Corporation.

A business plan is a document that details the structure of a business; this plan can be developed for new business ventures or for already established businesses. In order to keep an existing business on track, a business plan should be continually reviewed and updated accordingly. The writing process for a business plan is time-consuming; not only does the writer have to represent all the details of the business, but research on competition needs to be found, analyzed, and depicted in the plan.

The structure of a business plan is not dictated by a set form; rather, it is dictated by the identified audience of the plan. It is important to analyze the target audience in order to determine what to include and exclude in the business plan based on audience needs and expectations. The following resource will provide suggestions on content to include in a business plan along with suggestions for overall design and tone; the suggested sections in this tutorial can be reorganized or excluded, depending on the needs of the business or assignment requirements.

Most business plans include a section detailing the marketing strategy; some situations, though, require just a marketing plan, rather than the whole business plan. Reviewing the section of this resource about writing the marketing section of a business plan can serve as a basis for writing a marketing plan.

Glossary

- **Persuasive:** a style of writing that uses logic and research to influence the stance or opinion of the reader; this style can also be used to reinforce existing supportive opinions of the audience
- **Executive summary:** a brief summary of a document's objective and recommendations; the summary is generally one to two pages in length, and only highlights the most significant information
- **Formal tone:** a style of writing that relies on Standard-English, logical organization, and unbiased word choice in order to maintain a sense of clarity and objectiveness

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- **Positioning:** projected response of customers upon release of product/services in relation to existing businesses in the market
- **Template:** a standardized structure to build documents from; templates can be accessed through Microsoft Word or relevant websites
- **"Blue sky":** business jargon for the act of not having realistic expectations and not accounting of potential challenges

Writing Process

Many writers simply sit down at a blank computer screen (or sheet of paper) and try to write business plans without putting much thought into the writing process for creating a cohesive and successful document. By keeping the following steps in mind, the writing process should go more smoothly.

1. Identify the audience and objective of the business plan. If the plan is for a class assignment, be sure to review the project requirements and rubrics (if provided).
2. Create a research plan that notes what type of research is needed, the goal of providing research, and potential places to find research.
3. Brainstorm on relevant topics that need to be covered in the business plan.
4. Organize the brainstorming into an outline; the information should fit into the suggested sections noted in this resource (or required by the assignment).
5. Establish a writing schedule with deadlines for completing each section of the plan so that document can be completed a few days before the deadline.
6. Write each section of the plan.
7. Revise the completed plan, making sure each section meets the objective to create a cohesive, informative, and persuasive document.
8. Implement a professional visual design for the business plan.
9. Consider soliciting feedback from peers, writing tutors, or professionals in the industry the business plan is directed toward.

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10. Edit and proofread, looking for grammatical issues and making sure the selected style guide (e.g., APA) is followed throughout the business plan.

Audience & Objective

To write an effective business plan, identify both the plan's specific objective and the initial target audience for the plan. Who is going to read the plan, and what should the reader do after reviewing the plan? Generally, the objective of the business plan is to detail either a new business venture or to describe the existing structure of a business. Often, the most significant objective of a business plan is to persuade the audience to either support this new business venture or to buy into necessary changes to make the business more successful. Table 1 lists potential audiences and the corresponding objectives for a business plan written to meet the needs of these audiences.

Table 1. Example audiences and objectives

Audience	Objective
Investors (e.g., bankers, funding organizations)	Persuade audience to financially support new or changing business venture
Potential partners	Highlight needs and advantages of providing funding, time, and/or resources to business venture
Consultants	Explain business structure so that audience can effectively contribute specific skills and resources
Existing partners/employees	Detail existing business structure to keep established goals in sight while understanding the perceived outcome of the goals

Analyzing the audience may require conducting interviews with individuals who will either read the plan or are familiar with the type of business plan being developed; further research can be done on the Internet if the audience is an established financial institution or company. Not taking this step may result in a plan that lacks the necessary information to persuade the audience to take action, or the plan may contain too much information that confuses or distracts the audience.

Research Plan

After identifying the objective of the business plan and the potential audience, it is a good idea to start gathering research. This research may not be from sources that are typical for college-level essays or other academic writings. Depending on the level of complexity of the business plan, a variety of different types of sources may be called upon; Table 2 provides a list of suggestions to consider when developing a research plan.

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Table 2. Potential research options

Potential Source	Potential Information
Business periodicals	Market projections; industry comparisons; graphics
Interviews	Expert opinion/suggestions; audience information; customer feedback; recommendations
Websites	Competitor information; legal forms, guidelines, and legislation
Business newscasts (television or Internet)	Market projections; industry comparisons; expert opinion
Government documents	Market research from the U.S. Department of Commerce, the U.S. Small Business Administration (SBA), or the U.S. Census Bureau

All material used in the business plan should be cited following a style guide, such as the American Psychological Association (APA) sources must be given credit for the information. Some of the research, though, may only serve as background information for the writing process and will not need to be used in the text of the business proposal.

Brainstorming & Outlining

Begin the brainstorming process by identifying the problem that the business will be addressing by providing products and/or services. It's important to understand how the business will fit into the community and market; these insights become the basis for writing the business plan. Further brainstorming can include descriptions of the product/services, how the business runs its daily processes, and marketing ideas. All of the brainstorming material will need to be developed further and refined in order to be used in the actual business plan.

Creating an outline is a means to add structure to brainstorming material. The outline should be based on the specific sections of the plan that will meet the needs of the audience; subsections can be included in the outline or simply a listing of the topics that need to be covered in each section of the plan. For further information on the outlining process, see Chapter 14 of *The Kaplan Guide to Successful Writing*.

Sections of the Plan

As mentioned earlier in this article, business plans can vary in content based on the plan's objective, target audience, and project requirements (if the plan is for a class assignment). Listed below are key sections that are often required in a business plan. Minimally, the plan should include an Executive Summary, Company Description, Marketing, and Financials in order

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to adequately describe the overall structure of the business; other sections can be included as subsections of these main sections.

✓ **Cover Sheet**

The first page provides the business's name and contact information, including address and telephone number. If the business has a logo, this should be included as a graphic. The business owners should be listed with their contact information; for example, list the name and contact information for the business's president. The date and author of the business plan should appear on the cover sheet.

✓ **Cover Letter**

This may also be called a Letter of Transmittal. It is often included with documents that are unsolicited as a means to prepare the reader for the business plan that follows the letter. The format and tone of the letter should be formal; the letter is generally only one page in length in order to briefly summarize the content of the plan and suggest next steps for the reader. Be sure to include contact information.

✓ **Executive Summary**

The audience relies on the Executive Summary to briefly highlight the key aspects of the full business plan; the writing should be concise, so that the details are saved for the other sections of the plan, yet the reader can be confident in knowing the basic structure of the business overall. If the business is requesting funding, the amount of funds needed, intended use of the funds, and the plan for repayment should be clearly explained in this summary. Depending on the complexity of the business plan, the Executive Summary can be one to three pages in length; short paragraph structuring should be used for easy reading.

✓ **Table of Contents**

In order to facilitate easy and quick navigation through the document, the Table of Contents should list each main section of the business plan and which page that section begins on. Subsections can be included, but are not necessary for smaller business plans. Be sure to update page numbers if the plan is modified at any point; *Word 2007* has a function under the References tab that allows users to create a Table of Contents that automatically updates page references as they change when editing the plan.

✓ **Mission Statement**

This is also known as the Statement of Purpose or Vision Statement; some plans reveal this information in the Executive Summary or the Company Description. Briefly identify the focus of the business and what benefits it can provide the marketplace and customers.

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✓ **Company Description**

This is also known as the Current Situation (if the business already exists) or the Company Plan. Although most businesses are complex in nature, it's important to keep this section as focused and concise as possible; the other sections of the plan will elaborate on the details of the business, but the reader should have a good idea of the business's products and goals.

Explain the problem or gap in the market that the business is addressing. Describe the company in the context of customer base, growth potential, and goals (both short-term and long-term); consider including a timeline in table format to list out the goals and time to achieve those goals. The audience should be clear what will make this business's products/services successful; if the products/services are unique to the industry, emphasize how the business will meet customer needs better than existing businesses.

The legal name and structure (.e.g., partnership, limited liability company) of the business should be provided, along with any relevant reasoning behind this decision; for example, describe the nature of the business partnership. Relevant legal documents should be included in the Appendix, but explained and referenced to in this section. Information about the business's location may be included in this section, though, if the business location is a key characteristic of the marketing plan for the business, then location may be detailed later in the Marketing & Sales Management section. Location should be fully described by way of the type of building, address, the benefits of this location, amenities (e.g., parking, accessibility), zoning regulations, tax rates, and surrounding competition; a copy of the building's lease should be included in the Appendix.

✓ **Operations & Management**

This section is also called Organization and Management; some business plans split this section into two separate sections, though they can be combined if there is clear overlap. The information about operations will explain the daily processes involved in keeping the business running and successful. Include processes related to not only making the product or providing a service, but also accounting and other record maintenance tasks and security measures (for both the building and employee theft). The management information should describe those individuals involved in running the business, such as owners/partners; it also provides information about employees, including managers and laborers. If the business does not yet have employees beyond the owner, then describe the qualities of an ideal employee and who is responsible for interviewing/hiring employees. Employees may be both those who work internally at the business and external employees (e.g., consultants, temporary employees). If the business already has employees hired, then their background information, qualifications, and resumes should be included; the resumes should be provided in the

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Appendix. Management information will also include a detailed outline of the structure of authority in the business; an organization chart can be included to visually represent the positions and their relationships.

This section can also include basic human resources policies related to the operations and management of the business.

✓ **Marketing & Sales Management**

This section may just be titled, Marketing, but should ultimately include information about market/competitive analysis; market analysis information may be included here rather than in the Company Description section. This section should first answer the following questions to provide a complete market analysis for the business:

- Who currently or will purchase the business's products or services?
- What qualities of the product or service motivate customers to patron this business?
- How do customers find out about the business's products or services?

If the business is not yet in existence, then the plan needs to realistically theorize answers to these questions; some of this information can be obtained by doing research about how the competition responds to these questions.

When describing the customers, provide information about the geographic location of customers, how they access the business (e.g., Internet, trade-shows, etc.), and their demographic information (e.g., age, gender, etc.). Customers' motivations for relying on the business might include competitive pricing, customer service, convenient location, or reputation; if the business is not yet established, then describe what characteristics of the business will most likely motivate customer loyalty.

Market analysis not only describes customers, but also the direct and indirect competition; indirect competition includes those businesses that provide similar products and services, though appeal to a different type of customer or market. The following information about the competition should be provided: name, location, products/services, how customers obtain the products/services, the business's marketing information (e.g., logo, packaging, customer feedback/perception), pricing, past performance and future projections, market share, and the business's strengths and weaknesses in the market. Including this information in the plan will reveal areas of leverage over the competition, especially if the business can provide products or services that may not be available through other businesses.

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Other topics to include in this section will further show how the business will reach customers and maintain a stake in the market place; these topics include:

- Distribution methods (how the product will get to the customers)
- Advertising and communication to customers (e.g., media outlets, printed documents, emails, direct mailing)
- Pricing and positioning (determined through market research)
- Product design (including packaging)
- Market entry timing and market penetration strategy
- Location and market target area (if not explained earlier)

The decisions related to the above topics should be justified with logical and research based arguments; the decisions should not be vague or arbitrary.

✓ ***Service or Product Line***

Some or all of this information can be included in the Company Description section instead. This section should detail the product or service that the business provides, including information about how the product is developed, what suppliers are relied upon for producing the product, or warranty/guarantee information; a breakdown of the relevant costs of creating the product should be provided. This section should not simply describe the "blue sky," or best case scenario, of producing products; rather, information should be provided as to the plan for rectifying issues with suppliers or problems creating the product (e.g., the main machine used to make the product breaks down).

Further information about patents, trademarks, and copyrights should be provided. Note any information that might be considered trade secrets.

✓ ***Financials***

This section will detail the existing financial status of the business, along with the projected financial status for the next three years; if requesting funding support, specific information about the amount of money, how it will be reimbursed, and how the money will be used should be provided in this section. If the business already exists, then the information in this section will detail the historical financial data for the business; otherwise, this section will provide prospective financial data, based on research and logical analysis.

The U.S. Small Business Administration (n.d.) specifically suggests including the following financial information in this section:

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- Loan applications
- Capital equipment and supply list
- Balance sheet
- Breakeven analysis
- Profit and loss statements
- Three-year summary
 - Detailed financials by month, for the first year
 - Detailed financials by quarters, for the second and third year
- Explanation of projections basis
- Cash flow statement

Financial documents should be included in the Appendix, such as including tax returns for the owners for the past three-years and personal financial statements.

✓ **Appendix**

This section is often considered optional, but should be relied upon to present relevant documents to further support information in the business plan. Relevant documents may include: resumes, recommendations, financial statements/documents, contracts/agreements, business license, charter, articles related to the business, suppliers' letters of intent, or organization chart. These documents should be referenced to in the other sections of the plan (e.g., See *Appendix A: Carol Smith's resume* for further information).

Style & Tone

Ultimately, the design of the document and writing tone need to be formal so that the audience is not confused or distracted while reviewing the plan. Document design can be achieved by using an existing template, such as those provided by Microsoft® Word; a template is not required though, since many audiences appreciate a design that is simple or unique to the business. Minimally, the following design features should be included in the business plan:

- Section headings (e.g., bold, 14 pt font)
- Headers (e.g., document title, page number)
- Labels on graphics (e.g., Table 1. Cost comparison chart)
- Clear paragraph breaks (either by indenting or white space between paragraphs)

Designing the overall look of a document consists of two primary characteristics: consistency and clarity. Consistency refers to the concept that each design decision is done for a specific purpose and maintained throughout the document; for example, every main heading is bold, 14 point font, and font color blue. This consistency applies to all headings, tables, textboxes, and font highlights (e.g., italicizing key words in a paragraph). As for clarity, the design should not

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interfere with or detract from the content of the plan; for example, although red is a good way to attract attention, using a red background on each page of the plan will make for difficult reading of the plan. A white background with black text is generally easiest for audiences to read; this also takes into account situations where color printing is not available or the audience may have visual impairments (e.g., color blindness).

When choosing colors for the overall design of the document, consider developing a logo for the business or relying on colors in the existing logo. With the logo in mind, choose only one or two relevant colors for the plan's design; more than two colors can obscure the significance of each color and ultimately confuse or distract the reader.

Although design will visually set the tone of the document, the writing of the plan's content needs to maintain a formal and professional tone. A formal writing tone begins with Standard-American English, which includes precise grammar, correct spelling, and appropriate word choices; most writers need to rely on dictionaries and grammar guides (e.g., *Kaplan's Guide to Successful Writing*) when writing, rather than trying to memorize or remember all the relevant writing rules. Other formal writing characteristics include avoiding words/phrases commonly used in informal writing or conversations; clichés and slang should not be used, as the meanings may be unclear or offensive to the audience. The language should inspire confidence in the audience as to the integrity of the business and owner(s). For further information, see Kaplan's Writing Center resource, [Formal vs. Informal Writing](#).

Visuals

A business plan should not only explain information in text, but also provide visual representations of the information as applicable. Table 3 provides some suggestions for visuals and the content they may cover.

Table 3. Visual examples

Visual Type	Potential Content
Photo	Products; business location; owners and management team
Table	Timeline (e.g., business goals); industry comparisons
Chart/graph	Financial projections; competition's yearly financial outlook; current trends in marketplace
Graphic	Business's logo; product packaging; map of area business is located in
Screen-shots	Business's website homepage; competition's website homepage; software products

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Flowchart

Depiction of business's workflow

Each visual included in the plan must have the following characteristics in order to be effective:

- Labels (e.g., Figure 1. Cost comparison) above or below the graphic
- Introduced and explained in the text of the document
- Clear and accurate so that the reader is not confused or mislead
- Located near the relevant information (unless in the Appendix)
- Citation if the information is from a source

The labeling of each graphic allows for easier referencing of the visual when explaining it in the text of the document; do not assume the reader will correctly interpret the graphic without explanation of its content and significance. Do not include any visuals that are blurry or too small to interpret. Consider putting large graphics in the Appendix so as to not disrupt the flow or design of the document overall.

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References

U.S. Small Business Administration (SBA). (n.d.). Templates for writing a business plan.

Retrieved from <http://www.sba.gov/content/templates-writing-business-plan>