

STARTING UP

Writing a Business Plan That Gets Read

What a useful business plan covers, how long it should be, and what banks, investors and you yourself should look for in it.

FOR: START-UPS AND GROWING BUSINESSES • NEW TO PLANNING

What a plan is for

A business plan has two jobs. Its first and most important job is to make you think: to test the idea, the market, the costs and the risks before you put money and time into them. Its second job is to persuade other people, such as a bank, an investor, a landlord or a key partner, to back you. A plan written only for the second reason tends to read like an advertisement. A plan written for the first reason usually persuades anyway.

How long should it be?

As long as it needs to be and no longer. For most small businesses, ten pages or fewer, with a one-page summary at the front, is plenty. A lender or investor will read the summary and the numbers first. If those are clear and credible, they will read the rest.

What it should cover

1. **Summary.** What the business does, for whom, why it will work, and how much money you need, in one page.
2. **The problem and the offer.** What your customers need, and what you are selling to meet it.
3. **The market.** Who your customers are, how many there are, and how you know. Use real evidence: conversations, enquiries, sales of similar products, published data.
4. **Competitors.** Who else serves the same customers, what they do well, and why customers would choose you.
5. **How you will win customers.** Your marketing and sales plan, with costs.
6. **Operations.** How you will deliver: premises, suppliers, equipment, systems.
7. **People.** Who is involved, their experience, and any gaps.

Who this is for

- Founders seeking a loan or investment
- Owners who want a clear plan for the year
- Partners agreeing what they are building

Key points

- Write it to think, then to persuade.
- Lead with a one-page summary.
- Evidence beats enthusiasm.
- The numbers must match the story.
- Review it each year. A plan is a living document.

The numbers

- A **profit forecast** for the first one to three years, showing sales, costs and profit.
- A **cash forecast**, at least monthly in the first year.
- The **funding you need** and what it is for, with a clear use of funds.
- The **key assumptions**, such as price, volume, how long customers take to pay, and costs. Say how you reached each one.

Our guide on budgets and cash forecasts shows how to build them. Lenders look closely at whether the forecast can cover the repayments, and investors look at how the business grows and what the return might be.

Risks and what you would do

List the main things that could go wrong: a key customer leaves, costs rise, a supplier fails, sales are slower than planned. For each, say what you would do. A plan that admits risks and shows how you would manage them is more convincing than one that has none.

What lenders and investors look for

- A clear, specific market and a customer you can name.
- Evidence that people will pay for what you offer.
- Realistic numbers, with reasons.
- People with relevant experience, or a plan to fill the gaps.
- Your own commitment, in time and money.
- A clear route to repayment or to a return.

After the plan

Use it. Compare actual results with the plan every month and quarter, and change the plan as you learn. A plan that is revisited is a management tool. One that sits in a drawer is just a document.

Related guides

If this is useful, you may also want:

- Budgets and cash forecasts
- Funding a start-up
- Raising finance

Plan checklist

- One-page summary
- Customers and market evidence
- Competitors
- Sales and marketing
- People and operations
- Profit and cash forecasts
- Funding needed and use of funds
- Risks and responses

How King Street can help

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We work with you on the numbers in your plan, challenge the assumptions as a lender would, and prepare the forecasts and summaries that banks and investors read. After funding, we help you track actual results against the plan month by month.

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