



How to build a small business business plan

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Crafting a business plan is a crucial step for small business owners, particularly when starting out. The business plan serves as a roadmap to help guide strategic planning and communicate your vision to stakeholders and potential investors.

The process of creating a business plan can seem daunting, especially when you're juggling the many other responsibilities of launching a business. In this article, we break down essential components of an effective business plan and provide tips on how to develop a plan in seven manageable steps.

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There's no right or wrong way to create a business plan, but they tend to include a few key elements. Here are seven steps to help you get started.

Step 1: Define your mission and vision

Begin by getting clear about your business's mission and vision.

Your mission statement should briefly describe what your business does, who its customers are and the value it brings to them. For example, if you're opening a pet supply store, your mission might be, "To provide unique and high-quality pet products to local consumers."

Your vision statement, on the other hand, paints a picture of what you aim to achieve in the long term. It sets the tone for your business plan, aligning your goals and strategies with the core purpose of your business. For example, your pet supply store's vision statement might be, "To become the city's most loved, trusted and profitable pet boutique."

Step 2: Analyze your market

Understanding your market is crucial. A thorough market analysis provides insights into your industry, target markets, and the competition. It involves identifying market trends, customers' needs and how your offerings fit into the existing landscape.

Tools like a SWOT analysis can be invaluable here. SWOT is an acronym for:

- **Strengths.** Knowing what your business excels in helps you do more in those areas and consolidate your position in the market.
- **Weaknesses.** Lay bare the areas where you're not doing well, so you can identify strategies for improvement.
- **Opportunities.** Consider potential growth channels, such as new markets that need or want your product or service. Or brainstorm related products and services that you can provide.
- **Threats.** What external forces pose a danger to your success? Threats might include strong competitors, an uncertain economic climate, a change in customer preferences, new technology or legislation that could hamper your business operations.

A SWOT analysis is usually depicted in a grid or another visual format, allowing potential lenders and investors to quickly see your business's market potential.

Step 3: Outline your business structure and products/services

Detail your business structure, including ownership, management roles, and operational logistics. Clearly describe your products or services, emphasizing their unique value for customers. This section should answer why your offerings are different and better than the competition's.

Step 4: Create a marketing strategy

Your marketing strategy addresses how your business will attract and retain customers

Your marketing plan should address four key areas:

1. **Product.** What are you selling, who is it for, and how will you make it stand out in the market?
2. **Price.** How much will your product or service cost? Include support for why you made that decision.
3. **Place.** Where will you sell your product or service? On which channels and in which markets?
4. **Promotion.** How will you get your products or services in front of your ideal customer? Which digital or traditional marketing channels will reach potential customers effectively and efficiently?

Step 5: Run financial projections

When possible, the financial projections section should include detailed revenue, expenses and profitability projections for the next three to five years.

If you are starting a new business and don't have historical information on which to base your forecasts, leverage your market research to create realistic assumptions. Either way, conducting a break-even point analysis and modeling prospective cash flow projections are essential.

Step 6: Develop an implementation plan

An implementation plan breaks down your strategies into actionable steps, timelines and milestones. It should outline how you plan to achieve each goal, who is responsible and how you will measure progress.

This plan keeps your business on track as your business grows.

Step 7: Write an executive summary

Although your executive summary appears at the beginning of your business plan, you should write it last. It encapsulates the key points of your business plan, providing a clear and compelling overview that entices potential lenders and investors to delve deeper.

Remember, a small business business plan is a living document. It should evolve as your business grows and as market conditions change. With regular reviews and updates, you can ensure it remains relevant and aligned with your business goals.

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