

10 Preliminary Steps Before Writing a Business Plan

Writing a business plan can sound like a daunting task. Therefore, it is advantageous to take time to prepare by following 10 preliminary steps:

1. Ask yourself why you are writing a business plan. Is it to raise capital or as a guide for running the business?
2. List your goals for starting the business and where you see the business in three to five years.
3. Clearly define your target audience.
4. Write a table of contents so you'll know exactly which sections you will need to research and find data to support.
5. Make a list of the data you will need to research. For example, you will need statistics on your demographic audience, your competition, the market, and so on.
6. List research sources that will be most helpful, such as Hoovers, Dun & Bradstreet, or AllBusiness.com.
7. List your management team. If you are unsure of someone's availability, this is the time to determine whether or not they are on board. Gather biographical data on each person.
8. Start compiling all of your key financial documents. You can determine later which ones you will use in the business plan.
9. Read sample business plans. Since countless business plans have preceded yours, there is no need to reinvent the wheel. Look for business plans for businesses most similar to yours as a prototype to guide you. You can also talk to other business owners who have written plans before and seek out their expertise.
10. Determine which software program you will use to write your plan. You can use anything from a basic word-processing program to business plan software. You need to use that which best suits your needs and level of comfort.
- 11. Once you are ready, begin your business plan with the understanding that it is a work in progress and there will be several drafts to follow as well as ongoing changes as your business progresses.**