

**Startup: Developing a Business Plan**  
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Ever head out on a road trip with no map, no money, no snacks, no luggage and absolutely no clue where you're going?

Probably not.

Unfortunately, many business begin like a haphazard road trip — with little planning and no guidance. It's easy to see why half of start-ups are no longer in business five years after they open.

To improve your chances of succeeding, you need a road map — a business plan.

Developing a business plan is nothing more than doing some research and getting your ideas down on paper.

A business plan is crucial because it forces you to think through parts of your business that you may have skipped over before.

And they are required by banks and most potential investors to lend you money to get off the ground.

Business plans are typed, not handwritten, and can be presented in any professional format, whether it be printed off your home computer or professionally bound at a copy shop. Keep in mind that it will most likely go through many revisions, so don't spend too much money on the binding and collating!

**Parts of the B-Plan**

**Cover page** — Make sure it includes the name of your business, the date of last revision and your contact information.

**Executive summary** — This part is about a page long and should be written last. It summarizes the key parts of your plan, such as how much money you need, when the business will be profitable and key competitive advantages. [It should be written last to ensure that it summarizes all the topics in your business plan.](#)

**Description of the company** — This part should include top management and your business's mission, location and products or services. [Include enough information to give uninformed readers basic knowledge of how your company got started and what your company is about. This section is generally one to three pages.](#)

**Industry and competitive analysis** — What is going on in both the national and local markets for your product? Is it growing or shrinking? Who are your main competitors? Why will your business be better than theirs? If there are no direct competitors, use the nearest comparison for this section.

[This section should be long enough to show that you have seriously researched these topics, which is generally at least two pages.](#)

**Marketing and your target market** — Who is going to buy your product? Where do they live? How are you going to sell to them?

Your prior experiences with the business should give your first-hand knowledge on this one, but local librarians will enjoy guiding your research in specialized topics. Census data will also be invaluable in finding your target market. This section is usually at least two pages.

**Exit Plan** — Do you foresee selling the company in the future? How are you going to manage the company if your sales are half of what's projected? Will you be able to swallow your pride, close the doors, and walk away from the business?

Attractive businesses to purchase are ones with a proven cash flow history. The exit plan is generally a page or so long.

**Financial Projections** — Perhaps the most important part of your business plan, the financial projections should project three years into the future. These projections are important simply to show that there is a reasonable chance that your company can make money. **Include every expense you can think of in this section.**

The financial projections section should be the longest section in your page. Good ones are at least six pages. Find out what the North American Industry Classification System code for your business should be by searching online. Then, research historical financial data related to your NAICS code. The Risk Management Association's Financial Ratio Benchmarks book is a great place to find this data.

Local librarians would also be willing to guide your research in this areas as well.

Although the business plan process can seem intimidating, chances are you have most of the information in your head already.

Being disciplined enough to sit down and put together a business plan says a lot about your determination and stamina as a future business owner.

And having a road map with you when you set out on your journey will only make things easier in the long-run.

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*The Small Business Development Center provides Free & Confidential Managerial and Technical Business Counseling from 16 offices throughout South Carolina.. For the Columbia Area Office, phone 803-777-5118 or email [uscbsdc@moore.sc.edu](mailto:uscbsdc@moore.sc.edu).*