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-- **Jan Knight, Owner – Bancroft Information Services.**

Top Ten Tips for Writing an Effective Business Plan

Susan Snedaker

1. Follow a standard format.

Most investors or bank officers are not interested in how creative your business plan is – they want to see facts and figures that support the proposed investment. Using a standard format helps them navigate your business plan and helps you by ensuring all standard elements are included. If you present a plan that is missing a marketing section, for instance, you'll instantly lose credibility. Since this plan may also be used to steer the business, using a standard format will make the plan more useful as a business tool because it will be comprehensive and thorough.

2. Make your plan compelling.

Just because you're following a standard format does not mean the plan should be boring. Find the elements in your business plan that make it unique, interesting and compelling. Then, clearly articulate those elements.

3. Think big but avoid superlatives.

If you can't see and articulate the big picture, your investors won't take you seriously. They want to back someone with vision and the ability to look beyond the ordinary. On the other hand, while it's ok to state that your goal is to provide the best, the finest, the highest quality, do not state that your company is already those things if it's not absolutely true. Small start ups often try to cast a larger image by inflating or exaggerating claims. To be taken seriously, you have to project confidence and an understanding of the big picture while being grounded and realistic in your claims.

4. Articulate your company's product, service or strategy in four sentences or less.

If you can't articulate what you're planning on doing in four sentences or less, you don't have a clear focus. This is also known as the 'elevator pitch' because you have about 30 seconds with any audience to get the message across. Whether it's the duration of an elevator ride or an introduction at a business event, you have to be able to clearly articulate what you're doing. Once you've done this, writing the business plan will be much easier. Don't attempt to write the plan until you can do this.

5. Present solid financials using a standard format.

This is always important but even more so after the collapse of the Internet bubble and the recent reports of corporate financial malfeasance. Present your financial needs and projections in a clear, concise manner using a standard format. It's wise to have your company's financial person or an outside finance expert prepare the financial projections so you're sure they're accurate and realistic. Presenting "pie in the sky" numbers to a would-be investor or banker only shows your inexperience and will probably lead to your being turned down. If you're

using this plan to run your company, accurate financial projections are required to help you make needed adjustments in a timely manner.

6. Be clear and concise.

Most successful business plans are clear, direct and concise. They highlight the possibilities, point out the risks and address risk mitigation all in a clear, concise manner. If it takes you four paragraphs to say what could be said in one, you'll lose your audience and the document will seem to wander. Make your point, support it with appropriate data and move on.

7. Avoid jargon or explain it thoroughly.

In technical fields, it is often difficult to avoid using some jargon, but each time you use it, think if there is another way it could be presented. Most investors understand the fields they are considering investing in but they may not be proficient in the deeply technical jargon. Bank lenders almost certainly will not be proficient in the jargon of the field. Make your business plan understandable to your audience. Reduce or avoid jargon and when used, explain it in layman's terms.

8. Critically review your plan.

After you've written the first draft of your plan, take a critical look at it. If possible and feasible, have another person look at it with a very critical eye. Have someone (or yourself) play devil's advocate and argue *against* the plan, argue why it *won't* work. Rather than viewing this as negative, view it as being a step ahead of your investors or bankers. You can be sure they will absolutely ask those tough questions and you want to be very well prepared.

9. Edit, edit, edit.

After you've written your plan and reviewed it with a critical eye, edit it again. This process is one I call the "so what" exercise. For each topic or statement, ask yourself, "So what?" If you can't see how this sentence, topic, or statement contributes to the understanding and presentation of the material, delete it. Period. The point is to present a document that is so clear, concise and compelling that an investor or banker will be very interested in taking the next step. If you're using the plan to run your business, you don't need extraneous information and material clouding the plan. The secondary aspect of editing is looking for typos. Run the spell check several times. Read the plan, have someone else read the plan. Read the plan first for understanding then read it a second and third time looking for errors. Even a single typo can undermine your business plan with certain audiences.

10. Practice presentation.

If you plan on presenting your business plan to an investor or banker, practice your presentation with several others playing the investor or banker role. Work on avoiding defensiveness, avoiding excessive details or storytelling (unless specifically requested by the investor/banker), and avoiding glib or exaggerated answers. Demonstrating your understanding of the plan's substance, your ability to execute the plan and your understanding of the risks and strategies for mitigating risk are your greatest selling points. While you want to avoid overselling the plan, you also can't assume you can walk in and the plan will sell itself. It's your job to present the material in a way that connects to your audience and gets them as excited about the opportunity as you are without any hype. Competence and connecting to your audience often seal the deal.

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