

Free Template

Business Plan



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Executive summary

A good executive summary is one of the most crucial sections of your plan, and it's also the last section you should write.

Its purpose is to distil all the details that follow and give any time-crunched reviewers (e.g., potential investors) a high-level overview of your business so they're persuaded to read further. It's a summary, so you'll highlight the key points you've uncovered while writing your plan—and if you're writing for your own planning purposes, you can skip the summary altogether.

Admittedly, it's a lot of pressure for a section that shouldn't exceed one page, but it's possible to include the most salient information with a bit of work. Here's what your business plan's executive summary should include:

- **Business concept.** What does your business do?
- **Business goals and vision.** What does your business want to do?
- **Product description and differentiation.** What do you sell, and why is it different?
- **Target market.** Who do you sell to?
- **Marketing plan.** How do you plan on reaching your customers?
- **Current financial state.** What do you currently make in revenue?
- **Projected financial state.** What you foresee making in revenue?
- **The ask.** How much money are you asking for?
- **The team.** Who's involved in the business?



Company overview

This section of your business plan will answer two fundamental questions: **Who are you and what do you plan to do?**

Answering these questions provides an introduction to why you're in business, why you're different, what you have going for you, and why you're a good bet if you're asking for investment—but clarifying these details will still be a useful exercise even if you're the only person who ever sees it.

It's an opportunity to put to paper some of the more intangible facets of your business, like your principles, ideals, and cultural philosophies. Here are some of the components you should include in your company overview:

Business structure

Are you a sole proprietorship, general partnership, limited partnership, or an incorporated company?

Nature of the business

What do you sell? Include a short overview of all products or services you offer.

Industry

Think of the broad category of products you sell to identify your industry. Some examples could include “women’s fitness” or “independently published books.”

Vision, mission, and values

To define your values, think about all the people your company is accountable to, including owners, employees, suppliers,



customers, and investors. Now consider how you'd like to conduct business with each of them. As you make a list, your core values may start to emerge.

From there, you can pen your mission statement. It should state why your business exists in a convincing manner, and it should be no longer than a single sentence.

As an example, Shopify's mission statement is "Make commerce better for everyone." It's the "why" behind everything we do, and clear enough that it needs no further explanation.

Next you can craft your vision statement. What impact do you envision your business having on the world once you've achieved your vision? Phrase that impact as an assertion—begin the statement with "We will..." and you'll be off to a great start. The best vision statements are concise, so while you can go over a single sentence, try to keep it under three at most.

Background information

If you have relevant experience or other information that is pertinent to your business or your plans, include it here.

Business objectives

You'll want to include both short- and long-term goals in the company overview section of your plan. In the context of a business, short-term goals are generally ones you plan to achieve in the next year, while long-term goals are ones you're aiming for in the next 1-5 years. When including them, make sure your goals are all S.M.A.R.T.: Specific, measurable, attainable, realistic, and time-bound.

Team

Include an overview of your existing team, and any predicted hires, with their salaries.

While some of these are statements of fact, others will require a bit more thought to define, especially when it comes to your business' vision, mission, and values. This is where you start getting to the core of why your business exists, what you hope to accomplish, and what you stand for.



Market analysis

It's no exaggeration to say that your market can make or break your business. Choose the right market for your products—one with plenty of customers who understand and need your product—and you'll have a head start on success. On the other hand, with the wrong market, or the wrong timing in a previously-right market, you may find yourself trying to offload products to customers who are only lukewarm about them.

This is why your market analysis is a key section of your plan, whether or not you ever intend for anyone else to read it. It should include an overview of how many customers you estimate there are for your products, an analysis of your business' position in the market, as well as an overview of the competitive landscape. Thorough research to support your conclusions will be important both to persuade investors and to validate your own assumptions as you work through the plan.



Market size

This is an estimate of how many people could potentially buy your product. While it's exciting to imagine sky-high sales figures, you'll want to use as much relevant independent data as possible to validate your estimated potential market. Since it can be a daunting process, here are some general steps you can take to begin your research:

- Understand your ideal customer profile, especially as it relates to demographics. If you're targeting millennial consumers in the US, you can look for government data about the size of that group as a beginning

step. You may also want to look at projected changes to the number of people in your target age range over the next few years.

- Research relevant industry trends and trajectory. If your product serves retirees, try to find data about how many people will be retiring in the next five years, as well as any information you can find about consumption patterns among the group. If you're selling fitness equipment, you could look at trends in gym memberships and overall health and fitness among your target audience, or the population at large. Finally, is your general

industry projected to grow or decline over the next few years?

- Make informed guesses. You'll never have perfect, complete information about the size of your total addressable market, but the goal here is to base your estimates on as many verifiable data points as is necessary for a confident guess.

As you look for that data, some sources to consult include government statistics offices, industry associations, academic research, and respected news outlets covering your industry.



SWOT analysis

A SWOT analysis looks at your strengths, weaknesses, opportunities, and threats. What are the best things about your company? What are you not so good at? What market or industry shifts can you take advantage of and turn into opportunities? Are there external factors threatening your ability to succeed?

These breakdowns are often presented as a grid, with bullet points in each section about the most relevant information—so you can probably skip full paragraphs here. Strengths and weaknesses, both internal factors to your company, are listed first, with opportunities and threats following in the next row. With this visual presentation, your reader can quickly see the positive and negative internal and external factors that may impact your business.

Here's an example.

	Positive	Negative
Internal	Strengths <ul style="list-style-type: none">• Previous experience scaling ecommerce business• Strong ad management experience• Patented product• Exclusive deal with manufacturing company	Weaknesses <ul style="list-style-type: none">• No team management experience• Breakable product, making shipping more expensive
External	Opportunities <ul style="list-style-type: none">• Strong growth in product category sales• No “market leader” in category, many smaller firms	Threats <ul style="list-style-type: none">• Regulation pending for product category in international markets



Competitive analysis

You'll always have competition in the market, even with an innovative product, so it's important to include a competitive overview in your business plan. If you're entering an established market, include a list of a few companies you consider direct competitors, and how you plan to differentiate your products and business.

For example, if you're selling jewelry, your competitive differentiation could be that unlike many high-end competitors who offer high-quality products, you donate a percentage of your profits to a notable charity, or you pass savings on to your customers.

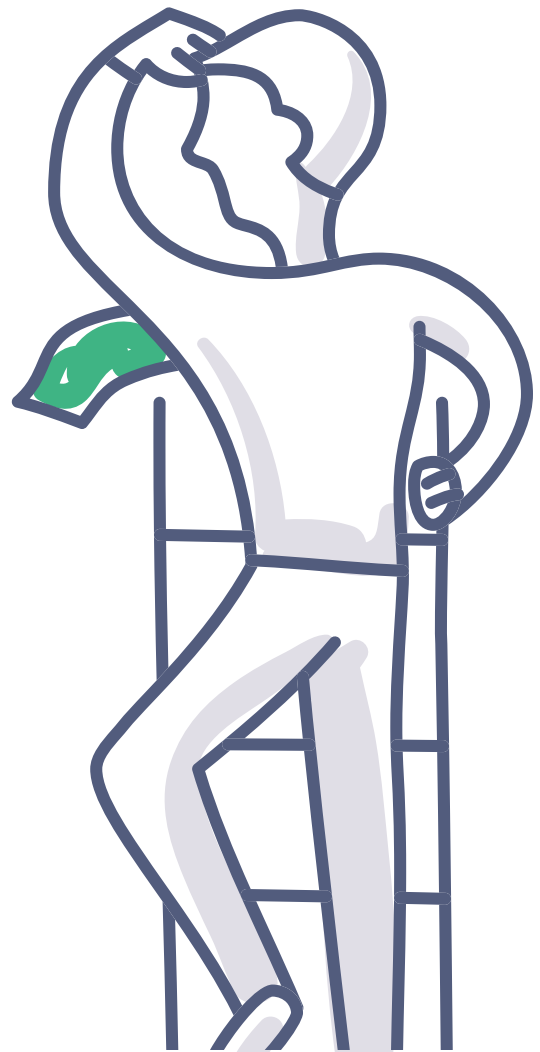
If you're entering a market where you can't easily identify direct competitors, consider your indirect competitors. These are the products that are substitutes for yours. As an example, if you're selling an innovative new piece of sports equipment, it's too easy to say that because your product is new you have no competition. Consider what your potential customers are doing now to solve the same problems your product solves, and think about how to make sure you stand out from their current solution.

Once you've identified your competition, it's time to review what makes your products and your business stand out. There are three overarching factors you can use to differentiate your business:

- **Cost leadership.** You have capacity to offer lower prices than the majority of your competitors to maximize profits. Examples include companies like Mejuri and Endy.
- **Differentiation.** Your product or service offers something distinct from the current cost leaders in your industry and banks on standing out based on your uniqueness. Think of companies like Knix and Qalo.
- **Segmentation.** You focus on a very specific or "niche" target market and focus on building traction with a smaller audience before moving on to a broader market. Companies like TomboyX and Heyday Footwear are great examples of this strategy.

While those are the major strategies to differentiate your business, there are plenty of other ways you can compete within them, including customization, design, branding, and convenience, to name a few. You'll want to include details about your specific plans to stand out.

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Products and services

While your products or services will feature prominently in most sections of your business plan, it's important to provide a section that outlines key details about them for interested readers. Depending on how many products you offer, you can include information about your product lines, or offer more detailed information on each product if you only sell a few.



Customer segmentation

Your ideal customer, also known as your target market, is the foundation of your marketing plan, if not your business plan as a whole. As you make strategic decisions, you'll keep this person in mind, which is why an overview of who they are is so important to understand and include.

To give a holistic overview of your ideal customer, describe a number of general and specific demographic characteristics. Customer segmentation often includes:

- Where do they live?
- What's their age range?
- What's their level of education?
- What are some common behaviour patterns?
- What do they spend their free time on?
- Where do they work?
- What technology do they use?
- How much do they earn?
- Where are they commonly employed?
- What are their values, beliefs, or opinions?

The questions you'll answer will vary based on what you're selling, but you should provide enough information so that it's unquestionably clear who you're trying to reach—and more importantly, why you've made the choices you have based on who your customers is and what they value.

As an example, a college student has different interests, shopping habits, and price sensitivity than a 50-year old executive at a Fortune 500 company. Your business plan and decisions would look very different based on which one was your ideal customer.



Marketing plan

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Your marketing efforts are directly informed by your ideal customer and your plan should outline your current decisions and your future plans, with a focus on how your ideas are a fit for your ideal customer. If you're planning to invest heavily in ads on Instagram, for example, it might make sense to include whether Instagram is a leading platform for your audience.

Most marketing plans include answers to four key questions, in as much detail as makes sense for your plan's goals:

01

Price

How much do your products cost, and why have you made that decision?

02

Product

What are you selling, and how do you differentiate it in the market?

03

Promotion

How will you get your products in front of your ideal customer?

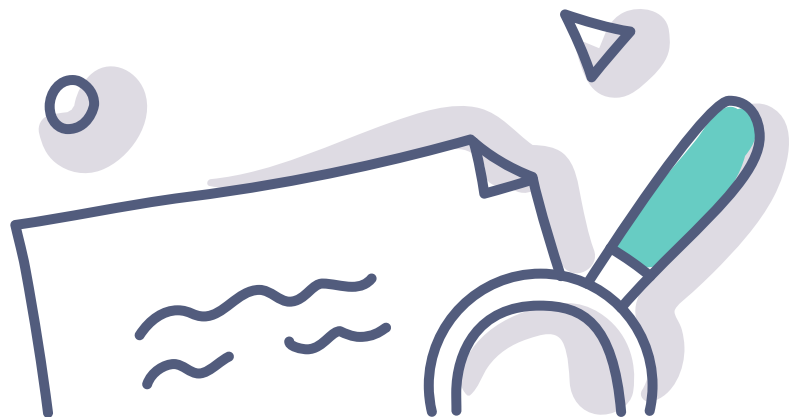
04

Place

Where will you sell your products?

Promotion may be the bulk of your plan since you can more readily dive into the tactical details, but the other three decisions should be covered at least briefly as important strategic levers in your marketing mix.

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Logistics and operations plan

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Your logistics and operations are the workflows that you'll implement to make your ideas a reality. If you're writing a business plan for your own planning purposes, this is still an important section to consider, even though you might not need to include the same level of detail as if you're seeking investment.

You'll want to cover all parts of your planned operations, including:

01

Suppliers

Where do you get the raw materials you need for production, or where are your products produced?

02

Production

How long does it take to produce your products, and get them shipped to you? How will you handle a busy season, or an unexpected spike in demand?

03

Facilities

Where will you and any team members work? Do you plan to have physical retail space? If yes, where? physical retail space? If yes, where?

04

Equipment

What tools and technology do you require to be up and running? This includes everything from computers to lightbulbs and everything in between.

05

Shipping and fulfillment

Will you be handling all the fulfillment tasks in-house or will you use a third-party fulfillment partner?

06

Inventory

How much will you keep on hand, and where will it be stored? How will you ship it to partners if required, and how will you keep track of incoming and outgoing inventory?

This section should signal to your reader that you've got a solid understanding of your supply chain, and strong contingency plans in place to cover potential uncertainty. If your reader is you, it should give you a basis to make other important decisions, like how to price your products to cover your estimated costs, and at what point you plan to break even on your initial spending.

Financial plan

No matter how great your idea is, a business lives or dies based on its financial feasibility. Regardless of the effort, time, and money you've already invested, at the end of the day people want to work with a business they expect to be viable for the foreseeable future.

The level of detail required in your financial plan will depend on your audience and goals, but you'll typically want to include three major views of your financials: an income statement, a balance sheet, and a cash-flow statement. It may also be appropriate to include financial projections.

Here's a spreadsheet template that includes everything you'll need to create an income statement, balance sheet, and cash-flow statement, including some sample numbers. You can edit it to reflect projections as well if needed.



Income statement

Your income statement is designed to give readers a look at your revenue sources and expenses over a given time period. With those two pieces of information, they can see the all-important bottom line, or the profit or loss your business experienced during that time. If you haven't been operating your business yet, you can put together a forecast for the same information.



Balance sheet

Your balance sheet offers a look at how much equity you have in your business. On one side you list all your business assets (what you own) and on the other side, all your liabilities (what you owe). That provides a snapshot of your business' shareholder equity which is calculated as

$$\text{Assets} - \text{Liabilities} = \text{Equity}$$

Cash-flow statement

Your cash-flow statement is similar to your income statement, with one important difference. It takes into account when revenues are collected and when expenses are paid.

When the cash you have coming in is greater than the cash you have going out, your cash flow is positive. When the opposite scenario is true, your cash flow is negative. Ideally, your cash flow statement will help you see when cash is low, when you might have a surplus, and where you might need to have a contingency plan to access funding to keep your business solvent.

It can be especially helpful to forecast your cash-flow statement to identify gaps or negative cash-flow, and adjust operations as required. Here's a [full guide to working through cash-flow projections](#) for your business.

[Download your copy of all three templates](#) to build out these financial statements for your business plan.

