How to Write a Business Plan

An investor's Perspective: "Convince me that your product or service has enormous market potential – and make sure you have evidence to support that."

The business plan must develop, evaluate, and optimize:

- The features of the product or service you are offering.
- A plan to market and deliver that product to your customers.
- An organizational and operational model for your business.
- A convincing picture of the potential profitability of your endeavor.
- A realistic assessment of the risks your business will face.

A good business plan is the scaffolding that supports your business idea as you move it from concept to reality, taking it through the following steps:

1. Identify or create the business concept: This is the "aha" stage of the business lifecycle. Here, entrepreneurs first conceive of their business ideas. They might jot notes on a paper napkin, run their ideas past friends, or start looking around on the Internet to see if anyone has tried the idea before.
2. Refine the business concept: At this stage of the game, entrepreneurs start to do some real research and analysis to examine the feasibility of their business ideas. Along the way, they make discoveries or spot opportunities that help shape and define the business concept.
3. Develop the business plan: Now entrepreneurs put pen to paper. In the process of writing a business plan, entrepreneurs further refine their ideas, craft roadmaps to business success, and work to develop a persuasive case that their product or service is the "next big thing."
4. Obtain funding: At this stage, entrepreneurs use their business plans to convince potential investors and creditors that investing in their business concept is a good idea. Entrepreneurs need to raise the money not only to get their businesses off the ground, but also to keep them afloat while waiting to earn big profits.

Entrepreneurs sometimes think that they can shut themselves up in their office on a rainy Sunday afternoon and emerge several hours later with a winning business plan. In reality, a business plan is not written in a vacuum. Crafting a credible and convincing business plan requires a lot of foresight, research, and analysis. A successful business plan document merely reflects the results of a properly executed business-planning process.

As you prepare to write a business plan, you're really testing the viability of your business idea. Every claim that you make in your business plan must be substantiated with the results of your research and analysis. In order to evaluate an idea's chance of real success, and to develop an action plan for realizing it, you must first do the legwork to analyze and refine it.

Evaluating and planning your business is critical preparation for writing a convincing business plan. That process includes:

- Refining your business concept