



JUST LIKE A MAP or a good GPS device can help ensure arrival at your destination, an effective business plan can provide a good foundation on the road to success.

A good business plan acts as a guide through each stage of starting and managing a business. It's a roadmap for how to structure, run and grow a new business as you think through its key elements.

FORMAT TYPES

It is important that your plan meets your needs, so there is no right or wrong way to write or formulate a business plan. The two most common types of business plans are traditional or lean startup. (The Small Business Administration provides in-depth information and examples of traditional and lean business plans on its website.)

Traditional business plans are more common, use a standard structure, and encourage you to go into detail in each section. They tend to require more work upfront and can be dozens of pages long.

Lean startup business plans are less common but still use a standard structure. They focus on summarizing only the most important points of the key elements of your plan. They can take as little as one hour to make and are typically only one page.

TRADITIONAL

You might prefer a traditional business plan format if you are very detail-oriented, want a comprehensive plan, or will be requesting financing from traditional sources. You don't have to stick to the exact business plan outline and can just use the sections that make the most sense for your business.

Traditional business plans use some combination of these nine sections: executive summary, company description, market analysis, organization and management, service or product line, marketing and sales, funding request, financial projections and appendix.

LEAN STARTUP

A lean startup format for a business plan may be preferred if you want to explain or start your business quickly, your business is relatively simple, or you will regularly change and refine your business plan.

Lean startup formats are charts that use only a handful of elements to describe the company's value proposition, infrastructure, customers and finances. They are useful for visualizing tradeoffs and fundamental facts about your company.

There are different ways to develop a lean startup template, with free formats available on the internet. Nine components of this type of plan include listing key partnerships, activities and resources, a value proposition, customer relationships, customer segments, channels, cost structure and revenue streams.

To learn more on preparing a business plan and other resources available for businesses, visit the Small Business Administration website. Source: sba.gov/business-guide