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## What is a business plan?

A business plan is a tool used to organize a business idea, resources, management and clients. The tool is meant to plan strategically and provide a guide for how to start a new business or expand an existing one. A business plan can present the business idea and help attract investors and partners. Business plans are often required by banks and other financial institutions as part of a loan application.

A business plan is not a feasibility plan. The business plan is a planning and implementation tool. A feasibility study is an investigative tool designed to determine whether or not a proposed business venture is viable. Business plans take many forms, but, at a minimum, should answer the following questions.

- What is your idea or product?
- Who is your client(s)?
- How do you produce your idea or product?
- How do you get the product to your client(s)?
- What are the costs to make the product?
- What should the price of the product be in order to make a net profit?

Organizations such as the Small Business Administration (SBA) provide basic templates and outlines for writing a business plan. <http://www.sba.gov/smallbusinessplanner/plan/writeabusinessplan/index.html>

The standard outline should include the following:

- Executive Summary: The executive summary should be clear, concise and touch on all aspects of your plan. It should also include a pitch and a description of what makes your business idea different or unique?
- Company Description: This should describe the business organizational structure, mission, vision and future goals.
- Product Description: This should detail what the idea, product, or service is. Why does your client need your product? What solution does it solve for him/her?
- Market Analysis: This should identify who your clients are? Demographic data such as age, gender, preferences etc. How will your business get noticed? Who is your competition if any?

- Implementation Strategy: This section details how does your business run, who runs it? Who is the manager? Who are the employees? How does the work get done?
- Detailed Budget or Financial Analysis: This area will be looked at by investors very carefully. It should detail costs, expenses, capital, break-even analysis, estimated cash flows, assumptions and risks.

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