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## 02.03: Business Plans

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## Business Plans

David McMurrey

### Chapter Objectives

Upon completion of this chapter, readers will be able to do the following:

1. Explain the purpose of a business plan.
2. Identify and define common sections of business plans.
3. Navigate and apply the format of business plans.

# Business Plans

A *business plan* is a document used to start a new business or get funding for a business that is changing in some significant way. Business plans are important documents for business partners who need to agree upon their plans, government officials who need to approve that plan, and of course potential investors such as banks or private individuals who may fund the business.

A business plan is very much like a proposal, except for at least one big difference. The business plan seeks to start a new business or significantly expand an existing business. A proposal, on the other hand, seeks approval to do a specific project. For example, a business plan might seek funding to start a software company to create computer games. A proposal, on the other hand, might bid to do the development work for some specific computer game.

**Caution:** In a technical writing course, treat a business-plan project as a *writing* project, not as a real-world business plan. This chapter should *not* be viewed as a definitive guide for writing a real-world business plan.

## Common Sections in Business Plans

Many of the elements of the plans resemble those of the proposal—particularly the qualifications and background sections. Remember that these sections are only typical and not necessarily in any required order. For your plan, you'll need to think about the best sequencing of the sections and about other sections that might also be necessary.

Common Sections in Business Plans

<b>Product or service to be offered</b>	One of the most important sections of the business plan is the description of the actual product or service to be offered. If it is a description of a product—a physical object—you need to use the techniques for technical description. If a service is to be offered, explain it and take readers on a step-by-step tour of how the service will be handled.
<b>Technical background on the product or service</b>	If your product or service involves technologies or technical processes potentially unfamiliar to your readers, explain these. Remember that business plans often go to nonspecialists who, despite their lack of technical expertise, have the investment funds or the legal understanding to get your business going.
<b>Market for the product or service</b>	Critical also to any business plan is the exploration of the existing marketplace into which your product or service fits. What other companies exist that offer the same thing you plan to offer? How much business do they do? How are they different from each other? How will your business differ from them?
<b>Process by which the product or</b>	If applicable, explain how the product or service will be produced. Explain how the proposed business will operate on a day-to-day basis.

<b>service is produced</b>	
<b>Facilities and personnel needed for the operation</b>	Plan to discuss the facilities (storefronts, warehouses, production facilities, vehicles) your business will require as well as the personnel that will be needed.
<b>Projected revenues from the operation</b>	Of obvious importance in any business plan is the discussion of the revenues you project for your business. If you know the estimate of total revenues for the market area in which you plan to operate, what percentage do you expect to win? Obviously, in your first few years, you may operate at a loss—at what point in time do you project to break even?
<b>Funding necessary for startup and operation</b>	The plan should also discuss the funding you'll need to get the business started as well as the operating costs—the funding needed to run the business on a daily basis.
<b>Qualifications and background of the personnel</b>	Important too is the section that presents your qualifications to start and operate the business you are proposing. Of course, "you" can mean a number of people with whom you are working to start the business. This section can be very much like a collection of resumes, although you want to write an introduction in which you describe your group's qualifications as a whole.
<b>Discussion of feasibility and investment potential</b>	You'll want to include in your plan a discussion of the likelihood of the success of your business. Obviously, you believe that it will be a success, but you must find a way to support this belief with facts and conclusions in order to convince your readers. Also, you must discuss what sort of return on investment readers can expect.
<b>Investment offering</b>	And finally, you may need to present what kinds of investment apparatus you are actually offering.

In planning your business plan, remember that you try to provide whatever information the audience may need to consider your idea. Your goal is to convince them you have a good idea and to encourage them to invest in it (or to approve it in some way). It's okay to provide marginal information—information you're not quite sure that readers will want. After all, you section off the parts of a business plan with headings; readers can skip over sections they are not interested in.

## Format for Business Plans

You can use the format for the formal report, the format for proposals, or some combination of the two.

Business plans, even those for small operations, can run well over 15 pages—in which case you'll want to bind the plan (see the suggestions in the chapter on formal reports). You'll also need a cover letter—examples of this are also in the chapter on report formatting.

As you plan the format of your business plan, think about designing it so that readers can find and read essential information quickly. This means setting up an abstract, but calling it "Executive Summary."

Also plan to group similar sections. In the preceding section that lists the various kinds of information to include in a plan, some of suggestions should be combined—for example, the sections on financial aspects of the proposed business.

And finally, make use of appendixes for unwieldy, bulky information. Enable readers to quickly find the main sections of the plan, without having to wade through tables and charts that go on for pages and pages.

# Resources for Business Plans

Here are some additional resources on business plans:

- [Starting a Business and Writing a Business Plan](#). Lots of good detail and links. From [DiscoverBusiness.us](#)
- [The Ultimate Guide to Business Plans](#). Focus on ecommerce. From [Ecommerce University](#).
- [Small Business Resource and Communication Guide](#). From [ShoreTel Sky](#).
- [Business Plan Archive](#). A partnership that archives business plans from the Dot Com Era.
- [bplans.com](#). Samples available.
- [Business Plan Software, Samples, and Strategy](#). Made available by [Center for Business Planning](#).
- [Business Plan Guide](#). Made available by [Miller consulting](#), this site contains good information on business plans plus numerous links to other sites on the same topic.
- [Teneric Business and Marketing Plans](#). This is a commercial venture that wants to write business plans for you or teach you how, but it does include a sample business plan and a template for business plans.