



The Sections of a Business Plan

By Candace L Moon, The Craft Beer Attorney

Now that you understand the overall concepts and goals of a business plan, let's take a look at the individual sections of your business plan in more detail.

Your **Executive Summary** will lead off and lay the groundwork for the reader to understand your business concept from the structural level. It will include:

- Overview of your business idea.
- Description of your product and/or service.
- Your goals for the business.
- Your proposed target market.
- Your competition and what differentiates your business.
- Your management team and their prior experience.
- Financial outlook for the business.

To be effective, use succinct statements in your Executive Summary and be certain that it offers an accurate reflection of the information contained in the entire business plan. For this reason it is probably best to write your Executive Summary last.

The next section of your business plan is your **Company Description**. Introduce your business, offer a window into your approach to ownership, the role your business will play as a member of the community, and how it will be positioned in the industry.

- Company mission statement
- Company philosophy and vision
- Company goals
- Target market
- Industry
- Legal structure

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Offer explanations where needed, while being clear and concise about your direction overall.

Products & Services takes a deep dive into the reason your company will exist, based on your product or service, and strategically presents your unique approach to the market. Make sure you offer a descriptive and thorough explanation of each item.

- Your company's products and/or services
- The problem the product or service solves
- Any proprietary features that give you a competitive advantage
- How you will price your product or service

Next get into analysis mode with your **Marketing Plan**. Put a lot of thought into each of these areas, explaining why your business makes sense and is viable given all these variables and perspectives into your market.

- Market research
- Barriers to entry
- Threats and opportunities
- Product/service features and benefits
- Target customer
- Key Competitors
- Positioning/Niche
- How will you market your product
- Promotional Budget
- Pricing
- Location
- Distribution Channels
- 12-month Sales Forecast

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The nuts and bolts of the day to day are spelled out in your **Operational Plan**. Show your knowledge of the industry and share your vision in each of the following areas. Be specific and include reference to owners, consultants, experienced staff, etc. with extensive background in each area.

- Production
- Quality Control
- Location
- Legal Environment
- Personnel
- Inventory
- Suppliers
- Credit Policies

Following your Operational Plan, dive into your **Management and Organization**. Break down the backgrounds and expertise of each of your owners and advisors, showing how each will engage and be integrated throughout the business. You will want to specifically include:

- Biographies
- Gaps
- Advisors
- Organization Chart

The numbers are where you will see the most benefit from your own business plan. Returning to your initial projections, and then to your updates, will enable you to see the effects that your organizational shifts will make to the bottom line as you move forward. Staying true to this practice of update and review will serve you well and help to avoid any enormous surprises as your business comes to life and finds its stride.

Include in the **Startup Expenses and Capitalization** section a complete forecast of what you will need to launch your business, including both operational expenses and capital expenditures

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(equipment). To support both, you will need to show your personal financial stability to complete the section:

- Start-up Expenses
- Opening Day Balance Sheet
- Personal Financial Statement

Stepping out from opening day, work through and include in your business plan a full 12 months of Profit & Loss projection, including a cash flow projection. Optionally, work through an additional two years, paying particular attention to the need to expand operationally based on business and sales growth.

With coordination between this projected P&L and a projected Balance Sheet, project a break even point and note how you are using your capital. Again, while these numbers will be of particular interest to bankers and investors, updating them for your own use as you refine your plan and then again as you open will serve you well.

Your Financial Plan should include:

- 12-month profit & loss projection
- Optional: 3-year profit & loss projection
- Cash flow projection
- Optional: 3-year cash flow statement
- Projected balance sheet
- Break-even calculation
- Use of Capital

The final section of the business plan is a collection of Appendices. These are the documents that serve as back up for all of the material and projections in your business plan in addition to showing your material progress at the point that the plan is being presented. For example, you may have secured a lease at this point but you may not have found all of your key employees yet. The plan will continue to grow and revisions will be necessary as well as including the addition of documents in this section.

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You should include as many of the following as are available:

- Agreements, such as leases, contracts, purchase orders, letters of intent, etc.
- Intellectual property, such as trademarks, licenses, patents, etc.
- Resumes of owners and key employees
- Advertising and marketing materials
- Public relations/publicity
- Blueprints/ plans
- List of equipment
- Market research studies
- Your list of assets that can be used as collateral

As you work through the building of your business plan, there are tips to help you as well as specific common mistakes to avoid discussed in the next article in this series: Business Plans: Common Mistakes and Best Practices.



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Candace L. Moon is a San Diego-based attorney who has spent the last eleven years dedicating her law practice to the craft beer industry. She has worked with over 450 craft breweries and craft breweries-in-planning nationwide, handling many different legal areas including alcoholic beverage law, contract review and trademark law.