



BUSINESS PLAN PREPARATION STRATEGY FOR STARTING A NEW BUSINESS: LITERATURE REVIEW

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Abstract :

A business plan is a strategic document that helps business founders translate business ideas into operational, marketing, funding, and performance control directions. This article aims to analyze business plan development strategies for starting a new business through a literature review. The study results indicate that an effective business plan must be developed in stages, starting with problem and market validation, competitor analysis, selecting an appropriate plan format, developing a marketing strategy and revenue model, creating realistic financial projections, and adjusting to legal structures and funding needs. The literature also shows that business plans tend to have a positive impact on new venture development, but the benefits are strongest when planning is combined with market learning and ongoing revision, rather than treated as a rigid document (Delmar & Shane, 2003; Brinckmann, Grichnik, & Kapsa, 2010). Thus, a good business plan serves not only as an administrative requirement, but as a living, adaptive, and data-driven decision-making tool.

Keywords: *business plan, new business, business strategy, planning business, entrepreneurship.*

INTRODUCTION

Starting a new business requires more than just a compelling idea. Business founders need to understand who their target customers are, what problems they are trying to solve, what resources they will need, and how the business will generate revenue and survive the competition. The US Small Business Administration explains that a business plan is the foundation of a business because it serves as a roadmap for structuring, running, and growing the business, as well as a communication tool for investors, partners, and lenders (US Small Business Administration [SBA], n.d.-a).

From an academic perspective, business planning is no longer understood solely as an administrative task. Delmar and Shane (2003) demonstrated that business planning aids new venture development by encouraging coordination of actions, prioritization, and more systematic resource allocation. This finding was reinforced by Shane and Delmar (2004), who found that developing a business plan prior to specific marketing activities was associated with a lower risk of business termination.

However, the literature also cautions that formal business plans do not automatically lead to better performance if they are created solely to satisfy administrative requirements. Honig and Karlsson (2004) found that institutional



pressures may encourage entrepreneurs to write business plans, but the written document itself does not automatically increase profitability in the initial period. Therefore, what is more important is not simply the existence of the document, but the quality of its content, its closeness to market realities, and the extent to which the plan is used to guide decisions.

Based on this background, this article discusses strategies for developing a business plan for starting a new business through a literature review. The discussion focuses on the strategies that most determine the quality of a business plan: positioning the business plan, validating the market, selecting a planning format, formulating a marketing strategy and revenue model, preparing financial projections, adjusting the legal structure, and treating the business plan as a continuously updated document.

RESEARCH METHODS

This paper uses a literature review method by examining relevant academic and institutional sources regarding business planning and establishing new ventures. Academic sources are used to examine empirical findings regarding the benefits, limitations, and logic of business plan preparation, while institutional sources are used to formulate practical steps that can be applied in preparing a business plan (Brinckmann et al., 2010; SBA, n.d.-a).

The analysis was conducted descriptively and analytically by combining theoretical findings and practical guidance into a business plan development strategy for the early stages of business establishment. In the context of the literature review, the results section contains a synthesis of the main findings from the literature, while the discussion section contains the author's interpretation of the implications of these findings for developing a more effective business plan (Burke, Fraser, & Greene, 2012; Sarasvathy, 2001).

RESULTS AND DISCUSSION

Based on literature synthesis, there are eight main strategies that need to be considered in preparing a business plan to start a new business, namely making the business plan a strategic tool, starting from validating the problem and market, choosing an appropriate plan format, conducting competitor and differentiation analysis, developing a marketing strategy and revenue model, preparing realistic financial projections, adjusting the plan to legal and funding aspects, and treating the business plan as a living document that is evaluated periodically (Brinckmann et al., 2010; SBA, nd-a).

Table 1. Synthesis of Business Plan Preparation Strategy

No.	Strategy	Theoretical basis/references
1	Positioning the business plan as a strategic tool	Honig & Karlsson (2004); Burke et al. (2012)
2	Starting from problem and market validation	SBA (nd-b); Shane & Delmar (2004)

3	Choosing the appropriate plan format	SBA (nd-a); Sarasvathy (2001); Yu et al. (2024)
4	Analyzing competitors and differentiation	SBA (nd-b)
5	Develop marketing strategies and revenue models	SBA (nd-a)
6	Preparing financial projections and funding	SBA (nd-c); SBA (nd-d); BDC (nd)
7	Adapting legal and compliance structures	SBA (nd-e); SBA (nd-f)
8	Make the business plan a living document	Brinckmann et al. (2010); Yu et al. (2024)

Table 1 shows The literature review not only produces a list of business plan components but also emphasizes the relationships between them. This means that developing an effective business plan cannot be done in isolation. Market, operational, legal, and financial strategies must be designed as a mutually supportive system so that the business plan can be used as a decision-making tool, not simply a presentation document (Burke et al., 2012; SBA, n.d.-a).

Positioning the business plan as a strategic tool

The first finding from the literature suggests that business plans need to be positioned as strategic tools. Honig and Karlsson (2004) found that many new organizations write business plans due to institutional pressures, such as the demands of supporting institutions or environmental expectations, rather than internal managerial needs. Meanwhile, Burke et al. (2012) asserted that the value of planning lies in its ability to help entrepreneurs evaluate alternative courses of action, pursue good ideas, and abandon unfeasible ones before the costs of failure become greater.

Based on these findings, the authors argue that the initial strategy for developing a business plan must begin with a shift in perspective. A business plan shouldn't be written solely to answer questions from investors or lecturers, but rather to help business founders test assumptions, map priorities, and guide operational steps. With this perspective, each section of the business plan will be written with greater substance because it will actually be used to guide day-to-day business decisions (Honig & Karlsson, 2004; Burke et al., 2012).

Start from validation problems and markets

Entrepreneurial practice literature places market research as the starting point for developing a business plan. SBA (nd-b) explains that market research helps entrepreneurs understand demand, market size, customer characteristics, economic indicators, and competitive conditions. From an academic perspective, Shane and Delmar (2004) also show that developing a business plan before specific marketing activities is associated with better business sustainability because entrepreneurs have a clearer course of action from the outset.

In the author's view, the practical implication is that a business plan should not begin with a product description, but rather with a customer problem. Business founders need to clearly define who their primary customers are, what problems they face, how large the market potential is, and why the proposed solution is worth choosing. If this section is weak, other sections, such as marketing, finance, and funding, will also be vulnerable because they are built on unvalidated market assumptions (SBA, nd-b; Shane & Delmar, 2004).

Choose a plan format that suits your business stage

The SBA (nd-a) distinguishes between two common business plan formats: the traditional business plan and the lean startup plan. The traditional format is more detailed and is typically required when businesses are applying for loans or seeking investors. In contrast, the lean plan is more concise and suitable for businesses still testing their business model. Theoretically, this distinction aligns with Sarasvathy's (2001) understanding of causation and effectuation, namely the difference between planning logic that starts from predetermined goals and the logic of acting based on available resources and learning from uncertainty.

According to the authors, the format chosen should follow the business's development stage. In the very early stages, a lean plan can be used to quickly map ideas, customer segments, value propositions, and market experiments. Once the business model has been proven, the plan needs to be expanded into a more detailed format to be suitable for funding, recruitment, and expansion. This view also aligns with the findings of Yu, Zhao, Wang, Ma, and Cao (2024) that formal planning logic and adaptive logic should not be in conflict, but rather combined according to the business's development stage.

Do analysis competitors and formulate differentiation

The SBA (nd-b) emphasizes that competitive analysis helps businesses understand competitors' strengths, weaknesses, prices, market position, and competitive advantages. This information is crucial for formulating differentiation, that is, the reasons why customers should choose a new business over existing options. Within the framework of a business plan, a competitor analysis not only explains who the business is competing against but also shows the strategic space where new businesses can enter.

Based on the results of this study, the author argues that differentiation needs to be written concretely, not normatively. Statements such as "quality products" or "best service" are insufficient to explain superiority without comparison to market realities. Therefore, a business plan should specifically indicate whether the business excels in price, speed of service, location proximity, personalization, feature innovation, or customer experience. This clarity of differentiation will strengthen the marketing department and make sales projections more logical (SBA, nd-b).

Develop marketing strategies, sales, and revenue models

One common weakness of beginner business plans is that the marketing section is written too generally. However, the SBA (nd-a) emphasizes that the marketing and sales section should explain how the business will attract

customers, retain them, and how sales will actually be generated. In other words, the marketing strategy should be directly linked to the revenue model, distribution channels, sales conversion methods, and customer growth targets.

According to the author, this section should be discussed at the operational level. A good business plan should explain the priority target market, the promotional channels used, the key messages conveyed, the service mechanisms, and how each marketing activity will generate revenue. This kind of discussion makes the business plan more realistic because revenue is not assumed to arise spontaneously but rather is derived from measurable customer acquisition and retention strategies (SBA, n.d.-a).

Prepare projection realistic and connected finances with funding

Practical literature indicates that financial projections are a core component of a business plan. The SBA (nd-c) recommends that entrepreneurs calculate initial costs before launching a business, including business space, equipment, utilities, licenses, insurance, salaries, marketing, market research, and website development. The BDC (nd) adds that cash flow projections for the first 12 months and quarterly or annual projections thereafter are essential for identifying financing needs, testing pricing, scheduling major expenditures, and monitoring cash flow.

In the author's view, the financial section should not be filled with baseless optimistic figures. Projections should be derived from reasonable sales assumptions, clear fixed and variable costs, and optimistic, moderate, and pessimistic scenarios. The concept of affordable loss in effectuation theory is also relevant here because new businesses need to determine the limits of risk they can still bear when the market is uncertain (Sarasvathy, 2001). Therefore, the relationship between financial projections and funding strategies must be explicitly explained: how much capital is needed, what the funds will be used for, when the business is expected to reach breakeven, and what corrective steps will be taken if realization does not match projections (BDC, n.d.; SBA, n.d.).

Adapt plan with legal structure , compliance and risk

A well-thought-out business plan must align with the business entity's structure and legal obligations. The SBA (nd-e) explains that the choice of business structure impacts taxes, legal responsibilities, the ability to raise funds, and the required documentation. Furthermore, the SBA (nd-f) emphasizes that business licenses and permits depend on the business's activities, location, and applicable government regulations, so compliance needs should be mapped out from the outset.

According to the authors, the implication is that the organization and management section should not simply contain a job chart. The business plan should also explain why a particular business model was chosen, what risks are to be limited, what permits are required, and what compliance costs may arise. This discussion is crucial because legal and compliance decisions will directly impact operational feasibility, cost burdens, and investor and partner confidence (SBA, nd-e; SBA, nd-f).

Make the business plan a living document

Brinckmann et al.'s (2010) meta-analysis concluded that business planning is generally beneficial, but its impact is highly context-dependent and is more effective when combined with learning. More recent findings by Yu et al. (2024) also suggest that high performance does not arise from causation or effectuation alone, but from a combination of both, depending on the stage of business development. This means that formal planning remains important, but it must be open to experimentation, market feedback, and revision.

Based on these results, the authors believe that a business plan should be treated as a living document. Sales targets, costs, customer assumptions, and promotional strategies need to be evaluated periodically once the business is operational. If market results differ from initial assumptions, the business plan should be revised rather than rigidly maintained. This approach ensures the business plan truly functions as a control and learning tool, not simply a document completed upon startup (Brinckmann et al., 2010; Yu et al., 2024).

CONCLUSION

This literature review demonstrates that a business plan development strategy for starting a new business requires an integrated approach. The business plan should be positioned as a strategic tool, beginning with problem and market validation, followed by competitor and differentiation analysis, selecting an appropriate plan format, developing a marketing strategy and revenue model, developing realistic financial projections, and adjusting to legal structures and funding requirements. The literature also confirms that the benefits of a business plan are greater when planning is combined with market insights and ongoing revision (Brinckmann et al., 2010; Yu et al., 2024).

Thus, a good business plan is not just a formal document to fulfill administrative requirements, but rather a decision-making tool that helps business founders assess the feasibility of an idea, reduce uncertainty, allocate resources, and plan for growth more rationally. For new businesses, the quality of a business plan is determined not by its length, but by the accuracy of its analysis, the interconnectedness of its sections, and its ability to adapt to market realities.

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