



Briefing Note for CLA members

Business Planning (6)

Date: 7 February 2022

CLA Briefing Note Reference: BN06-22

In order to assist members during the agricultural transition, the CLA has produced a series of briefing notes on business planning. These provide information on what members need to consider when they are either developing their existing business or are considering a new business venture.

The executive summary

Introduction

Although the executive summary is the first section of a business plan it will invariably be written last, providing an overview of all the other sections in the business plan.

The executive summary should never be too long. Indeed, it should be as brief as it can be while still conveying the most important parts of the business plan. It should be easy to read and written in non-technical language.

The essentials of an executive summary

In general, the executive summary should highlight at least one important statement from each of the other sections of the business plan. Therefore, thought must be given to what the person reading the executive summary will need to make a decision about whether or not to invest in the business.

It is likely that many would-be investors will only read the executive summary. Therefore, the reader has to have a clear idea about the business, the goals and objectives and the strategy to be employed in meeting these objectives.

The executive summary should also include basic information about the business, such as the business name and location, a description of the business and its products and services, the management team and the mission statement.

It should set out in brief the sales forecasts, marketing strategy and the financial requirements of the business.

The goal of an executive summary is to convince the reader that the business plan is worth reading in full and, eventually, that the business is worth investing time and money in.

The outline of an executive summary

When the executive summary is drafted thought must be given as to who will be the audience. If the audience is a bank manager, an investor or a potential partner, what would convince him or her to invest in the business or work with the business? This should be the focus of the executive summary.

It is important to go through each section of the business plan and pull out the most important sentence, statement, fact or figure from each. The executive summary will eventually include a description of each of these key points with explanations that make the statements flow and fit logically together.

The most important and compelling statement must be made at the beginning of the executive summary so it is more likely to be read. The executive summary should be written in such a way that it appears to be speaking directly to the audience, illustrating the opportunities the new business will be able to create.

The use of visual aids and interactive aids

The executive summary must be easy to read and understand. Therefore, a picture can be worth a thousand words in an executive summary. If there is a graph, chart or other graphic demonstrating one of the important points to be made, use it to support the key statements.

In addition to graphics, the formatting of the executive summary – such as the use of sub-headings or bullet points and short paragraphs – can make it easy to scan through as well as draw attention to the most important parts.

The business plan executive summary must be able to stand alone and be self-supporting. But it can also be used to direct the reader to more information in the detail of the business plan with little effort. As such, hyperlinks can be used in the executive summary to allow readers to jump to other sections of the business plan and help substantiate the claims made.

Brevity

In general, the executive summary needs to be long enough to get the point across but not too long. It must be direct, clear and convincing and avoid using overly descriptive language.

A checklist

It is important to ensure that the executive summary is proofread and perfect. If a would-be investor is put off by the executive summary because it is poorly written, too descriptive or too long, he or she simply will not read the rest of the business plan.

Given that the executive summary is an integral part of the business plan, it is important to ensure that all the information required is put in.

This checklist sets out the key features.

- The executive summary is a synopsis of the key elements of the overall business plan.
- It must include highlights from each section of the business plan.
- Graphics and hyperlinks can be used to heighten the importance of the executive summary.
- The purpose of the executive summary is to explain the basics of the business in a way that informs and interests the reader.
- It should be concise and its optimum length should be no more than two pages long (although this will depend on the complexities of the business).
- It should be the first main section to be read in the business plan, after the title page.
- Essentially, it must tell the reader what he or she wants and needs to know.
- The executive summary must tell the potential investor what the business actually wants.

But the executive summary is not:

- a brief description of the business and its products. It is a synopsis of the whole plan;
- an extended table of contents. This makes for very dull reading.

While the executive summary should excite the reader enough to read the entire plan, an experienced investor will recognise hype and this will invariably undermine the credibility of the entire business plan.

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