

## The Business Plan

- A business plan is a necessary part of starting a new business or growing an existing business successfully. It is your road map to success!
- Your business plan needs to provide the reader with the information/data that gives them assurance your business will achieve your projected results.
- The Business Plan and Cash Flow Projection are two documents that should be prepared together. They are an integral part of each other!
- Remember to be very conservative in projecting what your business will achieve in the future.
- Also remember to write your business plan as if to someone who knows nothing about your business.



**Company Logo (if applicable)**

**Company Name**  
**Business Plan**  
**Current month and year**

Names  
Titles  
Addresses  
Telephone numbers  
Fax  
Emails  
Website

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## I. **Executive Summary**

Briefly summarize the highlights and most significant issues in your plan. It tells the reader who you are, what you are planning, why you are planning it, how you will operate your business, and when you will do it. Be sure to include:

- Name and Location of the Business
- Type of Ownership (sole proprietor, partnership, corp., limited liability co.)
- Ownership breakdown (outline who the owners are and the percentage ownership each has)
- Nature of the business-brief statement outlining what product or service your business will offer.
- Type of business (retail, service, manufacturing, etc.)
- Reasons you are going/went into business - the "need/want" your business fulfills
- How many employees you will need and the timeline for hiring.
- Location - description of the facility occupied by the business, any special features it might have and lease terms, if applicable.
- Timeline-briefly outline the timeline during both the start-up phase and when you will be fully operational
- Personal statement-share with the reader your personal reasons for starting the business or growing an existing one. (optional)

II. **Use of Funds**

Include a complete breakdown and explanation of the proposed use of the requested funds and the expected benefits that the business and the community will realize. For purchase of machinery and equipment, include a listing of make, model, functional description and unit cost. If available, include a sales brochure that describes the equipment.

III. **Product or Service**

What will you sell? How much will you charge? This will most likely be the easiest section for you to complete. Include:

- Products/services offered - if unique in any way, be sure the reader understands what the product or service is and what its use or application is. Include photographs, drawings, brochures, etc., when they will be helpful to the reader.
- How do you determine the price?
- Method of production -outline the process of manufacturing your product if you are a manufacturer.

- Comparison of similar products/services available in the market place
- Costs of sales and profit by product or service

#### IV. **Competition**

Address both your direct competitor and your indirect competitor. Everyone has competition so name names. Include the following:

- Competitors name, location, size, market share, competitive advantages and disadvantages
- Your competitive strategy - price, service, location, promotion, etc.
- Comparisons to competitors (strengths and weaknesses) - length of time in business, sales volume, size and number of location, employees, product/ market niches, etc.

#### V. **Market**

This is one of the most difficult and important sections of the business plan, and often the most overlooked. A large amount of research is often required. This section answers the question: who will buy your product(s)/services and whether there is enough demand/market for your product. This is vital in evaluating your

revenue/sales projections. Include:

- What is the need, want, or interest in the community you would like to meet?
- Target market - individuals, companies, industrial/commercial, government, etc. Who will most typically buy your product or service?
- Target customer profile - demographics like age, sex, profession, income, geographic location, school needs, etc. (if your products/services only appeals to a specific type of user), etc.
- Geographic territory-where will you sell your product(s), services
- Size and growth of the target market in terms of geography, population and dollar and/or unit sales for your type of goods.
- Identify your customers - their reasons for purchasing. Are you an impulse or planned purchase?

## VI. **Market Strategy**

This section answers the question: How do I turn a potential customer into a customer?

It lets us know how potential customers will learn about your product(s), service. The reader will hopefully read this section and be convinced that your Sales/Revenue and Marketing cost projections are realistic. Include:

- Method to identify/attract prospective customers
- Methods of advertising including publications, size, cost, etc.
- Advertising message and promotional strategies
- Geographic areas to be covered
- Location advantages and disadvantages
- Method of distribution - direct, dealer network, other
- Will you have sales personnel?
- Service and warranty policies



## VII. **Management**

This section convinces the reader that owners and key managers are capable of running the proposed business successfully. Include:

- key managers and owners
- Personal history of each person on your management team - emphasize the talents, skills, abilities, etc. they bring to the business that will make it successful
- Members of your formal professional team - lawyer, accountant, banker, etc.
- Members of your informal team which will provide a safety-net should you need help. This can include family members with professional backgrounds who are willing to help, other business owners who are mentoring you etc.
- Address how you will manage the bookkeeping/accounting functions associated with running a successful small business.

VIII. **Notes to the Cash Flow Forecast**

This section describes how you determined your monthly sales and expenses on the cash flow forecast. Include:

- Explain the average sale or sales to your customer and how many customers you have projected in each month.
- Give the terms you will give to your customer (cash, 30 days *1/2* down as deposit, etc.)
- Give the terms you will get from your suppliers
- If you have employees provide the range of wages for each position.
- Assumptions to Cash Flow.