

This document was developed as an instructional aid for use as a typical OUTLINE OF THE BUSINESS PLAN

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I. MISSION STATEMENT & EXECUTIVE SUMMARY

The Mission Statement defines the purpose of the business; the reason it exists.

It should be short and focused (no more than 35 words). Many companies display their mission statement and try to "live up to it"

EXECUTIVE SUMMARY

This is a one to two-page highlight of the key ideas & features of the business plan.

It should interest the reader in the business concept and entice him/her to read

the full plan. If this is also a Financial Proposal, key elements of the financing need and purposes will be highlighted here. Although the Executive Summary appears first in the final document, it will be written last.

II. BUSINESS DESCRIPTION

Start with an introductory section that gives an overview of the business and includes the name and location, the principal owners, the legal structure (Sole proprietor, Partnership, LLC, Sub-S or C-Corporation) the status (start-up, expansion, or acquisition) and the type of business (manufacturing, retail, wholesale, service - or a combination)

A. PRODUCTS/SERVICES

Describe the products or services of this business in such a way that the reader has a clear understanding. What does the product or service do? What benefit does it provide? What need does it fill? Are there primary or secondary applications for the product? What are some of the unique features of the product?

B. MAJOR STRENGTHS AND CHALLENGES

If appropriate, you might include specific strengths that the business will have or challenges that will face the business. Remember that every challenge should be presented as a positive or with a solution to turn it into an opportunity.

C. STRATEGIC GOALS & OBJECTIVES

Remember that goals should be SMART:
Specific, Measurable, Attainable, Realistic, Tangible.

III. MARKET ANALYSIS

A. INDUSTRY TRENDS

Give some background about the type of business or product. Is this an established industry? Growing? Cutting edge? At what stage in its "life cycle" are you entering? (Introduction, growth, maturity, saturation, or decline) You want to give the reader enough background to 1) understand your business and 2) demonstrate that YOU understand your business. Some research on your part will probably be required!

B. DESCRIPTION OF TOTAL MARKET

In order to generate a consistent and increasing sales flow, the entrepreneur must become knowledgeable about the people, businesses, or public institutions who might buy the product or service. One way to define the total market is to use important characteristics from the Internet, census, local chambers of commerce, the public library, trade associations, etc.

What is the present size of the entire market?

What is your market's growth potential?

Discuss the economic, social, demographic, and political characteristics of this market and the impact on your business.

C. DESCRIPTION OF TARGET MARKET

The target market is that segment of the total market which is comprised of likely or potential customers. You develop a customer profile by having a clear understanding of the demographics (geographic location, age, income, education, sex, etc.) and psychographic data (likes, dislikes, and tendencies that affect purchasing patterns) of your typical customer. This can help you develop a strategy to reach that target market through your sales plan.

What is the size of your target market and what percentage of that market do you anticipate capturing? What is your typical customer profile? How will you attract and keep customers? How can you expand your market?

D. ANALYSIS OF COMPETITION

Every business competes for customers and customer dollars. There are primary and secondary competitors, also called direct and indirect. How do they compare to your business (sales volume, number of employees, locations, customers)? Is their business steady, increasing, or decreasing? What are their strengths and weaknesses? What have you learned by observing them?

E. PRODUCT/SERVICE DIFFERENTIATION

What unique niche of the market will this business fill? Has anyone attempted to fill this niche? If not, why? Is there a patent, trademark, copyright, or trade secret that will give you a head-start on the competition?

Where do you believe you have a business advantage? (Higher quality product, lower price, superior service, quicker delivery time, more convenient locations, other)

F. PROMOTIONS/ADVERTISING

Some businesses create an entirely separate Marketing Plan to focus attention on the pricing, placement, and promotion of the product. In this section of your business plan, you should highlight the key elements you will be using to promote your business and product. This can include paid advertising, Internet websites, direct mail, store signs, novelties, and "free" publicity efforts. Describe the channel of distribution you will use to reach your target market. How does the competition get its product to the market?

IV. OPERATIONS PLAN

A. HOURS OF OPERATION / LOCATION / PHYSICAL FACILITY

If this is an existing business, discuss the current status and required changes. Does the location have an impact on your ability to reach customers? What are the physical characteristics of the current or proposed location?

Cover the appropriate features:

1. Vehicle access for customers and suppliers
2. Inventory storage
3. Equipment, fixtures, and furniture
4. Electricity, heat, air conditioning, venting, wastewater

5. Merchandise display
6. Customer seating
7. Product preparation space
8. Compliance with current and future environmental regulations
9. Capability for expansion

B. LABOR

Unless yours is a “one-man” operation, you will need to have additional help, either for the daily operations or to assist with specialized tasks. You must consider the skills required, the availability of those skills (will you need to train?) and the pay scales in your area and in your industry.

C. SUPPLIES

What are your sources of supply? Do you depend on a single supplier? Discuss supply alternatives, pricing, or other supplier factors that could affect your ability to manufacture your product or perform your service.

D. FUTURE PLANS

You may want to include long-range plans for growth or expansion. Remember to make long-term goals SMART goals as well.

V. MANAGEMENT PROFILE

This section should include the personal history of the principal owners and/or managers, related work experiences, duties and responsibilities, salaries, organizational chart, and resources available.

A. PERSONAL HISTORY OF KEY PARTICIPANTS

Complete this section for each key participant in the business. Include their relevant business background and management experience as well as formal and informal education. Relate past experience to future success potential. Full resumes and letters of recommendation can be included in the Appendices.

B. DUTIES AND RESPONSIBILITIES OF KEY PARTICIPANTS

Who are the decision makers? Is there appropriate delegation of authority and tasks? Include job descriptions.

C. COMPENSATION

Salaries, hourly rates, other incentives

D. AVAILABLE RESOURCES

Do you have the marketing, management, and financial skills to do it all

yourself? If not, then show relationships that fill the gaps to create a fully capable business enterprise. Do you network with others in your industry to stay current on changes in the marketplace? Include the names of the resources you will use: Attorney, Accountant, Insurance Agent, Banker, other Consultants and Associations you will join (Chamber of Commerce, Professional or Trade groups)

VI. FINANCIAL ANALYSIS

This very important part of the Business Plan contains all the detail and assumptions you have made to illustrate the costs to start and operate your business for 3-5 years. You will include the following either here or in the Appendices. Be prepared to do some research and “number-crunching” to achieve the complete plan. Your banker, accountant, and SBDC counselor can assist you in gathering and testing the assumptions and creating the documents to support your plan.

- A. Startup Costs
- B. Source and Use Of Funds
- C. Income Statement Projection
- D. Monthly Cash Flow Projection and Assumptions
- E. Balance Sheet Projection
- F. Personal Financial Statement*
- G. Personal Income Tax Returns*

* Include for Financing Proposals

VII. SUPPORTING DOCUMENTS

This section (an Appendix) may include a variety of documents that support and give detail to the plan. The documents are as varied as the businesses but may include:

- A. Floorplan and Overhead Views
- B. Maps
- C. Market Research
- D. Cost Estimates or Equipment Bids
- E. Sales or Lease Agreements
- F. Brochures, Menus or Other Promotional Items
- G. Resumes and Letters of Recommendation