

Business Plan Checklist & Outline

DESCRIPTION OF THE BUSINESS

The objective of this section is to explain:

- What the business is all about
- If this business is part of a franchise, provide us with the background
- How do you plan to run it
- Why you think the business will be successful

If it is a new business, the description should also contain responses to the following:

- Why will you be successful in this business?
- What is your experience in this business?
- What will be special about this business?
- Have you spoken to other people (fellow franchisees) in this kind of business and what was their response?
- Have you spoken with objective trade suppliers to find out what managerial and/or technical help they will provide?
- Have you asked about trade credit?
- If you will be doing any contract work, what are the terms? Make reference to any firm contract or letter of intent and include it as supporting documentation.
- Will you offer credit to your customers?

THE MARKET

The basic marketing considerations:

- Who is your market?
- What is the present size of the market?
- What % of the market will you have?
- What is the market's growth potential?
- As the market grows, will your share increase or decrease?

Marketing (4 x P's)

Product / Service

- What product / services will be sold by your business?
- Why would a customer make use of your product / service?
- What are the different product / service features making your product / service so unique?
- Can competitors copy your product / service easily? If not, why not?

Place / Distribution

- Physical business address?
- What are the physical features of your building?
- Is the building leased or owned? Provide details.
- If renovations are needed, what are they? What is the projected cost? Get quotes in writing from more than one contractor. Include quotes as support documents.
- What is the neighborhood like? Does the zoning permit your kind of business?
- What kind of businesses are in the area?
- Have you considered other areas? Why is this one the most desirable site for your business?
- Why is this the right building and location for your business?
- How does the location affect your operating costs?
- If you are not performing as predicted, due to a bad location, will you be able to move your business?

- How much will it cost you to relocate? If this is a franchise operation, will the Franchisor be able to contribute any funds for relocating?

Price

- How are you going to price your service, product or merchandise to make a fair profit and, at the same time, be competitive?
- How will you attract and keep this market?
- How can you expand your market?
- What price do you intend getting for your product / service?
- Is this price competitive?
- Why will someone pay your price?
- How did you arrive at the price? Is it profitable?
- What special advantages do you offer that may justify a higher price (you don't necessarily have to engage in direct price competition)?
- What price are the competitors charging?
- Why is it more expensive or cheaper than your service / product?

Promotion

- Do you think it is necessary to advertise in your business? If so, explain why?
- What type of advertising will you make use of?
- Why would you say this type of advertising will be effective?
- As a % of turnover, how much will you spend on advertising?
- If this is a franchise operation, what is the advertising fee payable to the Franchisor?
- How are these funds administered?
- Will you as a franchisee be able provide input on spending these funds?

COMPETITION

If you have decided that your market is large enough to be profitable and promises reasonable expansion possibilities, check your competition, both direct (similar operations) and indirect. Consider these questions:

- Who are your five closest competitors?
- Why would you consider these operations to be competitors?
- How will your operation be better than theirs?
- How are their businesses: Steady? Growing? Dwindling? Why?
- How are their operations similar or dissimilar to yours?
- What are their strengths and/or weaknesses?
- What have you learned from watching their operations?

MANAGEMENT

Include and describe the following on all members / shareholders / directors:

- Staff organogram / Family Tree
- Personal history (include CV)
- Qualifications (formal and informal)
- Related work experience
- Duties and responsibilities
- Salary
- Strengths and weaknesses
- Business background
- Management experience

- Age, special interests, reasons for going into a business
- Health
- Why are you going to be successful in this business taking your background into consideration?

Staff

The following will describe your staff needs:

- Will the members / shareholders / directors be directly involved in the business?
- What are your staff's needs now? In the near future? In five years?
- What skills should they have?
- Are the people you need available?
- Full or part-time?
- Salaries or hourly wages?
- Fringe benefits?
- Overtime?
- Will you have to train people? If so how and at what cost?
- Will the worker/s be unionized?

SUPPORT

- Who will be the major role players be in supporting your business?
- What type of support will these role players provide in your business?
- If the current "supporters" fall away, will you be able to survive?
- If this is a franchise operation, describe the support function from the side of the franchisors.

SWOT ANALYSIS

- Inside your business

Strengths
Weaknesses

- Outside your business

Opportunities
Threats

FINANCIAL INFORMATION

SET-UP COST

- Provide a detailed breakdown of the set-up cost:
- Franchise fee if it is a franchise operation
- Shop fitting
- Equipment
- Signage
- Stock
- Working capital, goodwill, etc.
- Other

NOTE: Remember to include VAT

- How much will your own contribution be?
- Where did you get your own contribution from?
- What will be paid with this contribution?
- If the property is leased, will the landlord be able to contribute funds for shop fitting etc.
- Who will the suppliers of your equipment be?
- Should one of your machines break, will the suppliers be able to provide the necessary support?
- Did you compare prices of various suppliers?
- Include deposits, e.g. rent, water and lights, telephone, etc. in the initial set-up cost.
- What is the initial franchisee fee and royalty fee payable on a monthly basis to the Franchisor?
- How much will the owner's remuneration be (monthly)?
- If this is a franchise business, will you be able to buy your equipment from any supplier or be compelled to buy it from a selected supplier nominated by the Franchisor.

EXISTING BUSINESS

If this is an existing business, provide audited financials or at least the latest management accounts on the business.

FINANCIAL PROJECTIONS

- Cash flow projections
- Income statement
- Balance sheet

Tips: Include the following:

- Turnover
- Cost-of-sales
- Gross profit (turnover minus cost-of-sales)
- All expenses payable (remember your own salary)
- Royalty payments
- Bank repayment
- Net profit after loan repayment

(Do projections for a 3-year period, considering the escalation on rent and turnover growth and inflation.)

- Show us the break-even point
- Briefly describe how turnover figures were calculated

e.g.

Average customers per day	100
Average spent per customer per day	R 50.00
Working days per month	24 days
Monthly turnover	R 120 000.00

(Note that these figures must exclude VAT)

Supporting Documentation to be Included with every business plan and business loan application:

All the sections of the application form must be completed (where not applicable with N/A)

You are required as part of this application to furnish us with the following:

1. CV's on all members/shareholders/directors	
2. Copies of ID's on all members /shareholders/directors	
3. Marital certificates	
4. Statement of assets and liabilities on all members/shareholders/directors	
5. Registration certificates if business trades as CC, Pty Ltd or Trust	
6. Application documents done by each member/shareholder/director	
7. Personal details on third party sureties	
8. Cash flow projections for at least one year, including income statement & balance sheet	
9. Comprehensive business plan (refer attached structure)	
10 Copy of the lease agreement if property is leased or title deed if property is owned	
11. Financial statements if purchasing an existing business	
12. Copy of signed franchise agreement after transaction was approved	
13. Letter from Franchisor stating that he has assessed the applicant in terms of its usual requirements	
14. List of equipment to be financed	
15. Financial statement on your existing business(es) if applicable	
16. Six months Monthly Management Accounts	
17. Six months Bank Statements of business trading account	
18. Copy of signed Buy/Sell or Purchase Agreement	
19. Any other related information requested by the bank	
20. Documented proof of source of own contribution offered	