

## **Business Plan Outline**

For more information consult the SBA Business Startup Guidance:

<http://www.sba.gov/smallbusinessplanner/plan/writeabusinessplan/index.html>

## **Cover Sheet**

The title page of your business plan:

- Name, address, and phone number of the company.
- Name, title, address, phone number of owners/corporate officers.
- Month and year your plan was prepared.

## **Executive Overview (Statement of Purpose)**

A brief (less than 1 page) statement of the business plan objectives. Use the journalist approach (who, what, where, when, why, how, how much):

- Your Company (who, what, where, when).
- Who your management is and What their strengths are.
- What your objectives are and Why you will be successful.
- If you need financing, tell why you need it, how much you need and how you intend to repay the debt.

NOTE: Do not write the executive summary (statement of purpose) until you have completed your business plan! It is a summary and reflects the contents of the finished plan.

TABLE OF CONTENTS (Quick reference to major topics covered in your plan)

## Company Summary

Using approximately a half page, give an overview of your business. Tell why the business has come about. Follow the summary with explanations of the following:

- mission (projecting short- and long-term goals)
- business model (describe your company's model and why it is unique)
- strategy (give an overview, focusing on short- and long-term objectives)
- strategic relationships (tell about any existing strategic relationships)
- SWOT Analysis (strengths, weaknesses, opportunities, and threats that your company will face, both internal and external)

## Company Ownership

- What is the business structure (sole proprietorship, general partnership, limited partnership, C corporation, or Subchapter S corporation)
- Who is (are) the principle(s)?
- What is to be done, by whom?
- What management and other personnel are required and available for the operation?

Company History (for ongoing companies) or Start-up Plan (for new companies)

## Company Locations and Facilities

- Describe your projected or current location. Why is this a desirable location?
- Project costs associated with the location.
- Include legal agreements, utilities forecasts, etc. in Supporting Documents.
- Does the surrounding community welcome your business?
- What are the advantages and disadvantages of the site in terms of wage rates, labor unions, and labor availability?
- Do you need a long-term or short-term lease?
- Is the building accessible by public transportation?
- Is the building close to customers or suppliers?
- Is free or low cost parking nearby?
- What are the state and local taxes, laws, utilities, zoning, and variables that may affect the location of you business?
- How do you plan to keep an eye on any demographic shift in your area?

Financial Proposals should include:

- Who is asking for money?
- How much money is being requested?
- What is the money needed for?
- Why your investment or someone else's money (debt/equity) will help make your business profitable.
- How will the funds be repaid?
- Why does the loan or investment make sense?

Other questions that may need answered in the Company Summary section:

- Type of business; primarily merchandising retail, manufacturing, wholesale, or service?
- What is the nature of the product(s) or service(s)?
- Status of business start-up, expansion of a going concern, or take-over of an existing business?
- When will (did) your business open?
- What hours of the day and days of the week will you be (are you) in operation?
- What have you learned about your kind of business from outside sources (trade suppliers, banks, other business people, publications)?

NOTE: If yours is a seasonal business, or if the hours will be adjusted seasonally, make sure that the seasonality is reflected in your replies to the two previous questions.

Additional questions for new businesses:

- Why will you be successful in this business?
- What is your experience in this business?
- Have you spoken with other people in this type of business about their experience, challenges and rewards? What were their responses?
- What will be special about your business?
- Have you spoken with prospective trade suppliers to find out what managerial and/or technical help they will provide?
- If you will be doing contract work, what are the terms? Reference any firm contract and include it as a supporting document.
- Do you have letters of intent from prospective suppliers or purchasers?

Additional questions for existing business purchase or take-over:

- When and by whom was the business founded?
- Why is the owner selling it?
- How did you arrive at a purchase price for the business?
- What is the trend of sales?
- If the business is going downhill, why? How can you turn it around?
- How will your management make the business more profitable?

## **Products and Services**

If you are the manufacturer and/or wholesale distributor of a product:

- Describe your products.
- Tell briefly about your manufacturing process.
- Include information on suppliers and availability of materials.

If you are a retailer and/or an e-tailer:

- Describe the products you sell.
- Include information about your sources and handling of inventory and fulfillment.

If you provide a service:

- Describe your services
- List future products or services you plan to provide.

Don't forget Intellectual Property.

- Address Copyrights, Trademarks, and Patents
- Back up in Supporting Documents with registrations, photos, diagrams, etc.

Include Information on:

- Product and/or Service Competitive Comparisons
- Sales Literature Samples
- Technology required for production

## Market Analysis Summary

A Marketing Plan defines all of the components of your marketing strategy. You will address the details of your market analysis, sales, advertising, and public relations campaigns. The Plan should also integrate traditional (offline) programs with new media (online) strategies. *A stand-alone marketing plan with more details is available.*

### Market Segmentation

- Who exactly is your market? (identify with demographics, psychographics, and niche market specifics).
- What is the present size of the market?
- What percent of the market will you have?
- How will you market to market segments?
- Market Research (describe methods of research, database analysis, and results summary).

### Market Needs

- Identify specific needs within each market segment
- Why you can service this market better than your competition

### Market Trends

- Identify industry trends and customer trends
- How are you going to satisfy the market?
- How will you attract and keep your share of the market?
- Are there seasonal trends affecting your market?
- Are there buying patterns with customers?

### Market Growth

- What is the market's growth potential?
- As the market grows, will your share increase or decrease?
- How can you expand your market?

### Main Competitors

- Who are your five nearest competitors? List them by name.
- Competition (describe major competitors assessing their strengths and weaknesses).
- How will your operation be better than theirs?
- How is their business: steady? increasing? decreasing? Why?
- How are their operations similar and dissimilar to yours?
- What are their strengths and/or weaknesses?
- What have you learned from watching their operations?
- How do you plan to keep an eye on the competition in the future?
- Who are the industry participants?
- What are the distribution sources and patterns relating to your product or service
- Are there buying patterns with competition?

## Strategy and Implementation Summary

### Organization Chart

- In-House Responsibilities.
- Out-Sourced Functions (advertising, public relations, marketing firms, ad networks, etc.)

### Value Proposition

- What makes your product or service more valuable than your competitor's?

### Marketing Strategy

- General Description (budget % allocations on- and off-line with expected ROIs).
- Method of Sales and Distribution (direct sales, direct mail, email, affiliate, reciprocal, viral marketing, stores, kiosks, catalogs, website).
- Marketing Program Assessment of Effectiveness
- Sales Forecast with Milestones
- Packaging (quality considerations and packaging).
- Pricing (price strategy and competitive position).
- Branding.
- Database Marketing (Personalization).
- Sales Incentives/Promotions (samples, coupons, online promo, add-ons, rebates, etc.).
- Advertising Strategies (traditional, web/new media, long-term sponsorships).
- Public Relations (online presence, events, press releases, interviews).
- Networking (strategic alliances, memberships and leadership positions).

### Customer Service

- Description of Customer Service Activities.
- Expected Outcomes of Achieving Excellence.

### Positioning Statements

### Pricing Strategy

- How are you going to price your service or product, to make a fair profit, and at the same time, be competitive?
- What price do you anticipate getting for your product or service?
- Why will someone pay your price?
- What special advantage do you offer that may justify a higher price?
- Will you offer credit to your customers (accounts receivable)? If so, is this really necessary? Can you afford to extend credit? Can you afford bad debts?

## **Web Plan Summary**

### Website Marketing Strategy

- On-line (Pay per click, Search engine optimization, affiliates, etc.)
- Off-line (Printed ads, radio, TV, other traditional marketing efforts)
- eMail campaigns
- eCommerce Considerations (shopping carts, merchant accounts, security issues)
- Tracking ROI

### Development Requirements

- In-house development or outsource
- Software, hardware requirements
- Learning curve, long term maintenance

## **Management Summary**

List the people who are (or will be) running the business. Describe their responsibilities and abilities. Project their salaries. (Include resumes in Supporting Documents)

### Management Strategy

- What is your business background?
- How does your background/business experience help you in this business?
- What management experience do you have?
- Do you have managerial experience in this type of business?
- Do you have managerial experience acquired elsewhere-whether in totally different kinds of business, or as an offshoot of club or team membership, civic or church work, etc.?
- What weakness do you have and how will you compensate for them, i.e., will you hire employees or pay consultants who have management abilities/expertise that you don't have?
- What education do you have (including both formal and informal learning experience) which have bearing on your managerial abilities or knowledge of the industry?
- Personal data: age; where you live and have lived; special abilities and interests; and reasons for going into business?
- Are you physically suited to the job? Stamina counts.
- Why are you going to be successful at this venture?

NOTE: A personal financial statement must be included as a supporting document in your plan if it is a proposal for financing. Also, include your resume as a supporting document.

### Organizational Structure

- Describe your legal structure and why it is advantageous for your company.

### Management Team

- Who is on the management team?
- What are the duties of each individual on the management team?
- Who does what? Who reports to whom? Where do final decisions get made?
- What and how will management be paid?

### Management Team Gaps

- What additional resources have you arranged to have available to help you and your business (accountant, lawyer, et al.).
- Accounting:
  - What system will you set up for daily accounting?
  - Who will you use for a tax accountant?
  - Who will be responsible for periodic financial statement analysis?
- Legal:
  - Who will you retain for an attorney? (Keep 'Murphy's Law' in mind.)

### Personnel Plan

- How many employees will you have in what positions?
- What are the necessary skills/qualifications?
- How many hours will they work and at what wage? Salary or Hourly?
- What are your personnel needs now? In the near future (3years)? In five years?
- Are the people you need available?
- Certain employee benefits are mandatory. Find out what they are.
- Will you provide additional fringe benefits? If so, which ones? Have you calculated the cost of these additional fringe benefits?
- Will you utilize overtime? If so, you may be required by law to pay time and a half, double time, and/or other extra costs.
- Will you have to train people for both operations and management? If so, at what costs to the business?

### Insurance

- What kinds of insurance will you carry? (Property & Liability, Life & Health)
- What will it cost and who will you use for a carrier?

### Security

- Address security in terms of inventory control and theft of information (online and off).
- Project related costs.

## **Financial Documents**

The quantitative part of your plan. This section of the business plan is the quantitative interpretation of everything you stated in the organizational and marketing plans. Financial documents are the records used to show past, current, and projected finances. The following are the major documents you will want to include in your Business Plan.

### Summary of Financial Needs (needed only if you are seeking financing)

This is an outline giving the following information:

- Why you are applying for financing.
- How Much capital you need.

### Loan Fund Dispersal Statement (needed only if you are seeking financing)

- Tell How you intend to disperse the loan funds.
- Back Up your statement with supporting data.

### Cash Flow Statement (Budget)

This document projects what your Business Plan means in terms of dollars. It shows cash inflow and outflow over a period of time and is used for internal planning. It is of prime interest to the lender and shows how you intend to repay your loan. Cash flow statements show both how much and when cash must flow in and out of your business.

### Three Year Income Projection

A P&L (Income) Statement showing projections for your company for the next three years. Use the revenue and expense totals from the Cash Flow Statement for the 1st year's figures and project for the next two years according to expected economic and industry trends.

### Projected Balance Sheet

Projection of Assets, Liabilities, and Net Worth of your company at end of next fiscal year.

### Break Even Analysis

The break-even point is the point at which a company's expenses exactly match the sales or service volume. It can be expressed in: (1) Total dollars or revenue exactly offset by total expenses -or- (2) Total units of production (cost of which exactly equals the income derived by their sales). This analysis can be done either mathematically or graphically. Revenue and expense figures are drawn from the three-year income projection.

NOTE: The following are Actual Performance (Historical) Statements. They reflect the activity of your business in the past. If your business is new and has not yet begun operations: the financial section will end here and you will add a Personal Financial History. If you have an established business, you will include the following actual performance statements:

### Profit and Loss or Income Statement

Shows your business financial activity over a period of time (monthly, annually). It is a moving picture showing what has happened in your business and is an excellent tool for assessing your business. Your ledger is closed and balanced and the revenue and expense totals transferred to this statement.

### Balance Sheet

Shows the condition of the business as of a fixed date. It is a picture of your firm's financial condition at a particular moment and will show you whether your financial position is strong or weak. It is usually done at the close of an accounting period. Contains: (1) Assets, (2) Liabilities and (3) Net Worth.

### Financial Statement Analysis

In this section you will use your income statements and balance sheets to develop a study of relationships and comparisons of: (1) Items in a single year's financial statement, (2) comparative financial statements for a period of time, or (3) your statements with those of other businesses. Measures are expressed as ratios or percentages that can be used to compare your business with industry standards.

If you are seeking a lender or investor, ratio analysis as compared to industry standards, will be especially critical in determining whether or not the loan or venture funds are justified.

- Liquidity Analysis (net working capital, current ratio, quick ratio).
- Profitability Analysis (gross profit margin, operating profit margin, net profit margin).
- Debt Ratios (debt to assets, debt to equity).
- Measures of Investment (return on investment).

### Business Financial History

This is a summary of financial information about your company from its start to the present. The Business Financial History and Loan Application are frequently one and the same. If you have completed the rest of the financial section, you should have all of the information you need to transfer to this document.

## **Supporting Documents**

This section of your plan will contain all of the records that back up the statements and decisions made in the three main parts of your business plan. The most common supporting documents are:

### Personal Resumes

Include resumes for owners and management. A resume should be a one-page document. Include: work history, educational background, professional affiliations and honors, and a focus on special skills relating to the company position.

### Owner's Financial Statements

A statement of personal assets and liabilities. For a new business owner, this will be part of your financial section.

### Credit Reports

Business and personal from suppliers or wholesalers, credit bureaus, and banks.

### Copies of Leases, Mortgages, Purchase Agreements, etc.

All agreements currently in force between your company and a leasing agency, mortgage company or other agency.

### Letters of Reference

Letters recommending you as being a reputable and reliable business person worthy of being considered a good risk. (both business and personal references)

### Contracts

Include all business contracts, both completed and currently in force.

### Other Legal Documents

All legal papers pertaining to your legal structure, proprietary rights, insurance, etc. Limited partnership agreements, shipping contracts, etc.

### Miscellaneous Documents

All other documents which have been referred to, but not included in the main body of the plan. (for example, location plans, demographics, competition analysis, advertising rate sheets, cost analysis, etc.).