

The Business Plan Basics

The business plan cannot exceed 8 pages and in our format below. Write in paragraph form and in your own words. Double space between paragraphs. Don't double space between lines. Avoid charts and graphs but a few photographs can be effective. Use Spellcheck and Grammar Check.

The Business Plan Outline by Section

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.
- Founders and other key people involved.
- 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. If retail, spend some time describing the advantages/disadvantages of your location.
- Timeline—briefly outline the timeline if you are a start-up phase and when you will be fully operational.
- Personal statement— (*Optional*) share with the reader your personal reasons for starting the business.

Use of Funds – This section is used to explain any unusual purchases for example: software specific to your business or major pieces of equipment. Include who these items will be purchased from.

Product or Service – What will you sell? Where will you sell it? How much will you charge? 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.
- Do you wholesale or retail or both? Please specify.
- Pricing strategy: how did you determine your price? If selling a product what is your cost and what is your markup?

- If you are selling a service, what is the range of prices being charge for this service and where do you fit in that range.
- Method of production – outline the process of manufacturing your product if this applies.
- Comparison of similar products/services on the market.

Competitio

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- Competitors - (that you will face for **each** product/service) name, location, size, market share. What are your competitive advantages/disadvantages versus your competitor's.
- What is your competitive strategy - price, location, promotion?
- Comparisons to competitors (strengths and weaknesses) - length of time in business, sales volume, size and number of location, employees, product/market niches, etc.

Market - This section answers the questions: Who is my customer and where are they? Include:

- What is the need, want, or interest in the community you would like to meet?
- If selling to the consumer what are their demographics including age range, income range, where are they located geographically and is your produce/service an impulse buy or a planned purchase?
- If selling to business what industry or industries are most likely to purchase from you?
- Can you define them by annual sales and/or number of employees?

Market Strategy - This section answers the question: How will potential customers learn about your product(s)/service? Reading this section will convinced the reader that your Sales/Revenue and Marketing cost projections are realistic. Include:

- Method to identify/attract prospective customers.
- Methods of advertising including publications, types of social media.
- Advertising message and promotional strategies.
- Method of distribution - direct, dealer network, other.
- Sales personnel if any.
- Costs of marketing the product/service.

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

- Owners and key managers and a brief background of each. 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.

Notes to the Projections- This section explains how you determined the numbers on your cash flow forecast and should include:

- What is an average sale? Breakout wholesale and retail if that applies.
- If you are a restaurant use separate lines for breakfast, lunch, dinner and alcohol sales.
- How many customers per month. Be sure and break out by sales category. Also state what expenses you have actual bids for, what is estimated and how you determined the estimate.
- What terms do you give your customers?
- What terms do you get from your suppliers?

If you are an existing business be sure you account for all expenses from your profit & loss on your cash flow forecast.