



## **BUSINESS PLAN OUTLINE**

### **I. Background of the Business**

If an existing business, give a brief history of the company. If a new business, describe in detail what your company will be about.

### **II. Qualifications of the Principals**

Describe in this section the backgrounds of the owners or managers that would qualify them to run this business. Include education, experience and any other relevant information.

### **III. State the Goals and Objectives of the Business**

State the main goal that the company is to achieve and list the objectives that must be accomplished to reach the company's goal. This should include how each objective is to be accomplished.

### **IV. Organizational Plan**

Describe how the work of the organization is to be accomplished, including employees. Determine if the company is to be a corporation, sole proprietorship or other form of structure.

### **V. Marketing Plan**

Discuss price, product, promotion (include advertising, publicity, sales strategy, market segment), distribution of the product or service and the location of the business.

### **VI. Financial Plan**

Develop Pro-Forma Balance Sheet for a start-up business or current Balance Sheet and Income Statement for an existing business (current within 90 days), prepare a projected Cash Flow Statement, covering a one year period, and three years of projected Income Statements for either a start-up or existing business. Include a list of start-up expenses and provide rationale for all projections.

### **VII. Loan Information**

Explain the amount of the loan requested, term in which you want to pay the loan back and how the proceeds of the loan will be utilized (for example, purchase of machinery and equipment, land and building or perhaps working capital for the business).

## Business Plan

Every business can benefit from the preparation of a carefully written plan. There are two main purposes for writing that plan. There is an additional benefit if you do business internationally.

1. Your business plan will serve as your guide during the lifetime of your business. It is the blueprint of your business and will provide you with the tools to analyze your business and implement changes.
2. A business plan is a requirement if you are planning to seek financing. It will provide potential lenders or investors with detailed information on all aspects of your company's past and current operations and provide future projections.
3. If you do business internationally, a business plan provides a standard means of evaluating your business potential in a foreign marketplace.

### BUSINESS PLAN OUTLINE

*The following pages provide a suggested outline of the material to be included in your business plan. Your final plan may vary according to your specific needs or individual requirements of your lender or investor*

- I. **COVER SHEET:** Serves as the title page of your business plan
  - ◆ Name, address & phone number of the company
  - ◆ Name, title, address, and phone no. of owners/corporate officers
  - ◆ Month and year your plan was prepared
  - ◆ Name of preparer
  - ◆ Copy number of the plan
- II. **STATEMENT OF PURPOSE** (Same as Mission Statement) This is the thesis statement and states business plan objectives. Use the key word approach (who, what, where, when, why, how, how much) to summarize the following:
  - ◆ Your Company (who, what, where, when)
  - ◆ What your objectives are.
  - ◆ Why you will be successful.
  - ◆ If you need a financing, why you need it, how much you need and how you intend to repay the loan or benefit the investor.

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

- III. **TABLE OF CONTENTS** (Quick reference to major topics covered in your plan)

### IV. PART I - THE ORGANIZATIONAL PLAN

**What is Included?** This section should include a brief "description of your business" statement followed by information on the "administrative" end of your company.

#### A. DESCRIPTION OF THE BUSINESS

Give a broad overview of the nature of your business. Using the key word approach, tell when and why the company was formed, describe the nature and uniqueness of the services and/or products provided, and review the general development of the company. Project a sense of where you see your company going in the next few years. (This statement should not exceed one page.)

#### B. PRODUCTS OR 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:** Describe the products you sell. Include information about your sources (and alternative sources) of inventory

- ◆ **If you provide a service:** Describe your services List future products or services you plan to provide.

**C. LEGAL STRUCTURE**

- ◆ Tell what legal structure you have chosen.
- ◆ Briefly state reason for choice.
- ◆ List owners or corporate officers together with short bios.
- ◆ Include Articles of Incorporation, resumes, etc. in Supporting Documents

**D. LOCATION**

- ◆ Describe your projected or current location.
- ◆ Project costs associated with the location.
- ◆ Include legal agreements, utilities forecasts, etc. in Supporting Documents.

*Note: If location is important to marketing, cover in Part II - The Marketing Plan.*

**E. MANAGEMENT**

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

*Note: if you are focusing on "total quality management" (TQM), you may wish to combine Sections E. & F. and address it at this point!*

**F. PERSONNEL**

- ◆ Who will be doing the work?
- ◆ What are the necessary qualifications?
- ◆ How many hours will they work and at what wage?

**G. ACCOUNTING**

- ◆ What system will you set up for the maintaining of financial records?
- ◆ Who will be responsible for tax accounting?
- ◆ What plan do you have periodic financial analysis?
- ◆ Project costs associated with accounting services.

**H. INSURANCE**

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

**I. SECURITY**

- ◆ Address security in terms of inventory control and theft of information.
- ◆ Project related costs.

**V. PART II - THE MARKETING PLAN**

What is a marketing plan? The Marketing Plan covers the details of the plan for researching and reaching your target market. It includes information about the total market with emphasis on your specific target market. It will identify your customers and tell about the means you will utilize to make your products or services available to them.

**A. TARGET MARKET**

- ◆ Identify characteristics of your customers.
- ◆ Tell how you arrived at your results.
- ◆ Back up information with demographics, questionnaires, and surveys.
- ◆ Project size of your market.

**B. COMPETITION**

- ◆ Evaluate indirect and direct competition.
- ◆ Show how you can compete.

- ◆ Evaluate competition in terms of location, market, and business history.
- C. METHODS OF DISTRIBUTION**
- ◆ Tell about the manner in which products and services will be made available to the customer.
  - ◆ Back up decisions with statistical reports, rate sheets, etc.
- D. PROMOTION**
- ◆ How will you get the message to your customers? Your goal is to create a positive image. Include rate sheets, promotional material, and time lines for your advertising campaign.
  - ◆ Explain why you have chosen those avenues, how your message will reach your target market, how much your campaign will cost, and when you will begin.
  - ◆ Cover promotion under the following headings and add other headings for additional methods of promotion:
    1. Paid Advertising: Ads, Listings, and tradeshow.
    2. Publicity: Media features, reviews.
    3. Direct Mail: (Consider cost vs. return)
    4. Community Involvement: targeted "volunteerism")
    5. Other: Specific to industry.
- E. PRICING**
- ◆ Result of market research and costing your product or service.
  - ◆ Tell how you arrived at your pricing structure. Back it up with materials from your research (i.e. - Cost analysis, questionnaires, competition analysis, etc.)
- F. PRODUCT DESIGN**
- ◆ Answer key questions regarding product design and packaging.
  - ◆ Include graphics and proprietary rights information.
- G. TIMING OF MARKET ENTRY**
- ◆ Tell when you plan to enter the market
  - ◆ Give how you arrived at your decision.
- H. LOCATION**
- If your choice of location is related to reaching your target market, cover it in this section of your business plan. If not, location can be included in the Organizational Section. (See "*Location*" under The Organizational Plan portion of this outline)
- I. INDUSTRY TRENDS**
- ◆ Give current trends.
  - ◆ Project how the market may change.
  - ◆ State plans for keeping up with future trends.

## **VI. PART III- 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. Do not do this part of your plan until you have finished those two sections.

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. The work is much easier if they are done in the order presented because they build on each other, utilizing information from the ones previously developed.

### **A. SUMMARY OF FINANCIAL NEEDS**

This is an outline giving the following information:

- (1) Why you are applying for financing
- (2) How much capital you need

### **B. LOAN FUND DISPERSAL STATEMENT**

- You should: (1) Tell how you intend to disperse the loan funds.  
(2) Back up your statement with supporting data.

**C. PRO FORMA 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.

**D. THREE-YEAR INCOME PROJECTION**

A Pro Forma Income Statement showing your projections for your company for the next three years. Use the revenue and expense totals from the Pro Forma Cash Flow Statement for the 1<sup>st</sup> year's figures and project for the next two years according to expected economic and industry trends.

**E. 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 (F, G, H) are Actual Performance 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 yours is an established business, you will include the following actual performance statements:

**F. 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. You may also be required to supply your lender with a Projected Balance Sheet if you are a new business.

**G. PROFIT & LOSS STATEMENT (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.

**H. 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.

**I. 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.

**VII. PART IV - 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:

- A. 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.
- B. OWNERS' FINANCIAL STATEMENTS**  
A statement of personal assets and liabilities. For a new business owner, this will be part of your financial section.
- C. CREDIT REPORTS**  
Business and personal from suppliers or wholesalers, credit bureaus, and banks.
- D. COPIES OF LEASES, MORTGAGES, PURCHASE AGREEMENTS, ETC.**  
All agreements currently in force between your company and a leasing agency mortgage company or other agency.
- E. LETTERS OF REFERENCE**  
Letters recommending you as being a reputable and reliable businessperson worthy of being considered a good risk. (Both business and personal references)
- F. CONTRACTS**  
Include all business contracts, both completed and currently in force.
- G. OTHER LEGAL DOCUMENTS**  
All legal papers pertaining to your legal structure, proprietary rights insurance, etc. Limited partnership agreements, shipping contracts, etc.
- H. 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.)

## **PUTTING YOUR PLAN TOGETHER**

**WHEN YOU ARE FINISHED:** Your Business Plan should look professional, but the potential lender or investor needs to know that you did it. A business plan will be the best indicator that can be used to judge your potential for success. It should be no more than 30 to 40 pages in length, excluding supporting documents.

Include only the supporting documents that will be of immediate interest to the person examining your plan. Keep the others with your own copy where they will be available on short notice. Have your plan neatly bound at your local print shop or in blue, black or brown covers. Make copies for each lender or investor you wish to approach. Do not give out too many copies at once, and keep track of each copy. If you are turned down for financing, be sure to retrieve your business plan.

## **KEEP YOUR BUSINESS PLAN UP-TO-DATE!!!**

Your business plan will work only if you update it frequently to reflect what is happening in your business. Measure what you have projected against what has actually happened in your company. Use the results to analyze for effectiveness and plan for the implementation of changes that will make your business more profitable.