**Business Plan Outline**

UW Oshkosh Small Business Development Center

Tel. 1-800-232-8939 (In Oshkosh, (920) 424-1453) – Web Site: www.uwosh.edu/sbdc

There are a variety of styles and formats used for business plans. The content of the plan is much more important than rigid adherence to a specific format, although the following section headings are frequently used for business plans seeking outside financing from lenders.

**I. Executive Summary**

The Executive Summary begins with a concise, one-paragraphdescription of your business, followed by one paragraph summaries of the marketing, financial and management strategies you will use to make your business successful. The executive summary part of the business planis normally written last.

**II. The Business and its Product/Services**

This section identifies and describes,in detail,the products and/or services your business will sell, along with a description of what customer problem, need or desire they address. There should also be some description of where and how you will sell you products/services, and the legal structure of the business (sole proprietorship, limited liability company, etc.).

**III. Industry Analysis**

This section identifies the larger industry or business sector which your business will be part of, and discusses the current economic conditions in the industry, recent trends, and what the future outlook is. It helps bankers and investors evaluate the ability of your business to make a profit and repay loans.

**IV. Customer/Market Analysis**

This section identifies your target markets. It should includea detailed profile of your customers and major customer segmentsin terms of key demographics, such as income, age, gender, etc. There should also be some an estimate of number of potential customers in your target geographic market area.

**V. Competitive Analysis**

This section identifies your competitors and describes their business strengths and weaknesses in five key areas – pricing, products/services mix, place/location, promotion and positioning strategy. This section should also discuss the opportunities and threats that the weaknesses and strengths of your competitors create for your business, and what your competitive advantage will be.

**UW Oshkosh Small Business Development Center – Business Plan Outline (cont.)**

**VI. Marketing Plan**

Based on the previous analysis of your industry, customer/market and competition, this section describes how you plan to market your business. The section should address the five elements of marketing strategy (see Appendix A for examples):

1. **Product/Service Strategy** – what mix of products and services will you sell and how

doesthat best meet customer needs and how does it compare to your competitors.

2. **Pricing Strategy** – how will you price your products/services relative to competitors.

3. **Place/Location Strategy** – how will the proposed or current location of your business

bestmeet the needs of your customers and/or create an advantage over competitors.

4. **Promotional Strategy** –how will you promote your business and how will that make

customers aware of your business and interested in buying your products/services.

5. **Positioning Strategy** – what values do you want potential customers to associate with

your business, and how will that set you apart from the competition.

This section should also include your sales and marketing goals for the next three years (see Appendix A for example) including sales forecasts.It should also discuss the assumptions that you make for the sales forecasts, and how the forecasts relate to the number of potential customers in the target market area.

It would also be valuable to include an appendix in the business plan that lists all of the specific tasks required to implement and monitor each element of your marketing plan (see Appendix A). To ensure that the details are clear and that specific persons are accountable,each task should have a target completion date and a person assigned to it.

**VII. Financial Plan**

This section details the investment needed to start or expand the business and the expected financial performance of the businessfor the next three years based on the information ina series of financial documents (see Appendix for format).

The first of those documents is a list of what resources (i.e., building, machinery, equipment, etc.) will be needed to open or expand the business. It should also explainhow the costs of these resources will be financed either by the owner or an outside source of financing. Details supporting these costs should be included in an appendix to the business plan.

In addition to startup/expansion costs, the financial plan must include a projectedprofit & loss statement with monthly projections ofsales and expenses for the next year, along with projections of annual revenues and expenses for an additional two years. The plan must also include projected cash flow statements showing sources and uses of funds from startup through the next three years of business.

There should also be projected balance sheets listing assets, liabilities and owner’s equity at the beginning and end of each of the next three years.There also needs to bean explanation of any significant changes in the business that would affect cash flow during a particular year (i.e., additional staffing, equipment purchase, etc.).

**UW Oshkosh Small Business Development Center – Business Plan Outline (cont.)**

**VIII. Management Plan**

What experience does the owner(s) of the business have in starting or managing a business?Does the owner(s) of the business have any prior experience inindustry the business will be part of? What skills and abilities will key employees bring to the business? What outside resources (i.e., lawyers, accountants, marketing agency, etc.) will be part of the company’s “management team” to help fillin gaps of knowledge or experience?

**IX. Critical Risks**

Identify and describe the potential barriers or problems that could arise and lessen the chances of your business being successful.Describes your contingency plans for those risks. From a lender’s perspective, how the business will repay its loans if the owner(s) die or are permanently disabled is one of the mostcritical risks that should be addressed in this section.

**X. Appendices**

The details supporting various sections of your business plan should be included in separately letter appendices at the end of the plan (i.e., Appendix A, B, C, etc.). However, do not include information simply for the purpose of making your plan longer. A well-written business plan of a few pages can often be more successful in securing financing than a poorly-written plan of many pages.

**Appearance**

To attract outside funding from either financial institutions and/or investors, it is critical that your business plan be professional in appearance, and utilize good grammar and correct spelling. At a minimum, it should be typed and bound in a loose-leaf binder.

**For More Information and Assistance, Contact:**

Small Business Development Center

UW Oshkosh College of Business

Sage Hall Room 1614

800 Algoma Boulevard

Oshkosh, WI 54901-3551

Tel. (920) 424-1456 or 1-800-232-8939

Web Site: www.uwosh.edu/sbdc

**Appendix A – Business Plan Outline – Examples of Marketing Plan Details**

**Sample Marketing Goals**

1. First Year Sales of $250,000

-- $25,000 sales in first quarter

-- $50,000 sales in second quarter

-- $75,000 sales in third quarter

-- $100,000 sales in fourth quarter

2. Average Revenue of $100 per Customer Transaction

3. First Year Customer Sales of 2,500 Transactions

-- 250 transactions in first quarter

-- 500 transactions in second quarter

-- 750 transactions in third quarter

-- 1,000 transactions in fourth quarter

**Marketing Task List Format**

|  |  |  |  |
| --- | --- | --- | --- |
| **Task** | **Description** | **Person Responsible** | **Completion Date** |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

# Appendix B – Business Plan Outline – Financial Plan Details

Startup/Expansion Costs

|  |  |  |
| --- | --- | --- |
| **Item** | **Total  Estimated Cost** | **Equity Investment**  **(by owner if any)** |
| **Business Location**  Examples:  - Loan Down Payment to Purchase Building  - Security Deposit to Lease Office/Building  - Remodeling Cost for Home-Based Business |  |  |
| **Machinery & Equipment**  Examples:  - Production machinery and tools  - Storage and display equipment  - Vehicles for travel or delivery |  |  |
| **Office Furnishings & Fixtures**  Examples:  - desks, chairs, tables, file cabinets, etc. |  |  |
| **Office Equipment**  Examples:  - Computer and printer  - Business software  - Fax machine and/or copier  - Phone system and/or cell phone |  |  |
| **Other Items (specify):**  Examples:  - Initial Inventory  - Creation of Web Site  - Lawyer fee for creating LLC |  |  |
| **Initial Cash On-Hand**  - to cover first month operating expenses |  |  |
| **Total Startup Costs** |  |  |
| **Less:** Equity Investment |  |  |
| **Financing Required for Startup** |  |  |
| **Estimated Monthly Loan Payment**  **(see Note below)** |  |  |

**Researching & Writing a Business Plan – Financial Assessment**

UW Oshkosh Small Business Development Center

**Worksheet #5 – Estimating Startup/Expansion Costs – Loan Payments**

**Note:** To calculate an estimated loan payment for various interest rates, go to the Arkansas Small Business Development Center web site: <http://asbdc.ualr.edu/scripts/affordabilly/>

|  |  |
| --- | --- |
|  |  |
| **Financing Required for Startup/Expansion**  **(from previous page)** |  |
| **Annual Interest Rate** | **Estimated Monthly Loan Payment** |
| **2%** |  |
| **3%** |  |
| **4%** |  |
| **5%** |  |
| **6%** |  |
| **7%** |  |
| **8%** |  |

# Appendix B – Business Plan Outline – Financial Plan Details

Operating Budget for First Year - Fixed Expenses

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Projected Fixed Expenses** | **Month #1** | **Month**  **#2** | **Month**  **#3** | **Month #4** | **Month**  **#5** | **Month**  **#6** | **Month**  **#7** | **Month**  **#8** | **Month**  **#9** | **Month**  **#10** | **Month**  **#11** | **Month**  **#12** | **Annual Total** |
| **Business Location:**  Example:  - Rent or lease payment |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Utilities:**  Examples:  - Electricity and heating  - Telephone and cell phone  - Internet access |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Insurance:**  Examples:  - Property  - Business Liability |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Professional Service Fees:**  Examples:  - Bookkeeper or accountant  - Lawyer |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Supplies:**  Examples:  - Office supplies  - Other: \_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Advertising & Marketing:**  - Advertising, brochures,  web site, trade shows, etc. |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Employee Salaries & Wages:**  - Salaries & Wages  - Social Security taxes  - Workers comp. insurance  - Benefits |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Owner’s Compensation**  - Owner’s Draw |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other Fixed Expenses:** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Fixed Expenses** |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Loan Payments:**  Examples:  - Start-up/Expansion Expenses  - Building Mortgage  - Equipment Loan |  |  |  |  |  |  |  |  |  |  |  |  |  |

# Appendix B – Business Plan Outline – Financial Plan Details

Operating Budget for First Year – Projected Sales

*Note:* There are a number of methods that can be used to project sales.Below are two common examples.

**Projected Sales based on Unit Sales**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Month #1** | **Month**  **#2** | **Month**  **#3** | **Month #4** | **Month**  **#5** | **Month**  **#6** | **Month**  **#7** | **Month**  **#8** | **Month**  **#9** | **Month**  **#10** | **Month**  **#11** | **Month**  **#12** | **Annual Total** |
| **Projected Unit Sales**  (see Note 1) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Average Price per Unit**  (See Note 2) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Projected Sales Revenue**  (Units X Price = Revenue) |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Notes:**

1. Depending on the type of business, the term “unit” can mean a physical product, an hour of service, a project or job, etc.

2. When a company will have multiple prices for its products or services, the “average price per unit” can be a *simple average* of all the various prices (which assumes equal quantities of each product will be sold) or a *weighted average* based on the projected “mix” of products or services to be sold.

**Projected Sales based on Customer Sales**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Month #1** | **Month**  **#2** | **Month**  **#3** | **Month #4** | **Month**  **#5** | **Month**  **#6** | **Month**  **#7** | **Month**  **#8** | **Month**  **#9** | **Month**  **#10** | **Month**  **#11** | **Month**  **#12** | **Annual Total** |
| **Projected No. of Customers** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Ave. Revenue per Customer** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Projected Sales Revenue**  (Customers X Ave. Revenue = Total Revenue) |  |  |  |  |  |  |  |  |  |  |  |  |  |

# Appendix B – Business Plan Outline – Financial Plan Details

Projected Profit & Loss Statement for First Year – Sales, Variable Expenses and Profit/Loss

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Month #1** | **Month**  **#2** | **Month**  **#3** | **Month #4** | **Month**  **#5** | **Month**  **#6** | **Month**  **#7** | **Month**  **#8** | **Month**  **#9** | **Month**  **#10** | **Month**  **#11** | **Month**  **#12** | **Annual Total** |
| **Projected Sales Revenue**  (from previous page) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Projected Variable Expenses**  \_\_\_\_% of Sales = Expenses or  Units x Cost/Unit = Expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Projected Fix Expenses**  (from previous page) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total Expenses**  (Fixed and Variable) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Projected Profit (Loss)**  (Revenue – Expenses = Profit) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Less: Loan Payments:**  - Start-up/Expansion Expenses  - Building Mortgage  - Equipment Loan |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Profit/Loss after Loan Payments** |  |  |  |  |  |  |  |  |  |  |  |  |  |

**Notes:**

1. Depending on the type of business, the term “unit” can mean a physical product, an hour of service, a project or job, etc.

2. When a company will have multiple prices for its products or services, the “average price per unit” can be a simple average of all the various prices (which assumes equal quantities of each product will be sold) or a weighted average based on the projected “mix” of products or services to be sold.

3. Variable expenses are expenses that vary directly with sales, such as the cost of buying a product from a supplier, hiring an independent contractor to perform part of the service. Another term for variable expenses is “cost of goods sold”.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Variable Expenses** | **Month #1** | **Month**  **#2** | **Month**  **#3** | **Month #4** | **Month**  **#5** | **Month**  **#6** | **Month**  **#7** | **Month**  **#8** | **Month**  **#9** | **Month**  **#10** | **Month**  **#11** | **Month**  **#12** | **Annual Total** |
| **Projected Unit Sales**  (see Note 1) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Variable Expenses per Unit**  (see Note 3) |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Projected Variable Expenses** |  |  |  |  |  |  |  |  |  |  |  |  |  |

# Appendix B – Business Plan Outline – Financial Plan Details

Projected Profit & Loss Statements for Second and Third Years – Sales, Variable Expenses and Profit/Loss

|  |  |  |
| --- | --- | --- |
|  | **Year 2** | **Year 3** |
| **Projected Sales Revenue**  (from previous page) |  |  |
| **Projected Variable Expenses**  \_\_\_\_% of Sales = Expenses or  Units x Cost/Unit = Expenses |  |  |
| **Projected Fix Expenses**  (from previous page) |  |  |
| **Total Expenses**  (Fixed and Variable) |  |  |
| **Projected Profit (Loss)**  (Revenue – Expenses = Profit) |  |  |
| **Less: Loan Payments:**  - Start-up/Expansion Expenses  - Building Mortgage  - Equipment Loan |  |  |
| **Profit/Loss after Loan Payments** |  |  |

**Notes:**

1. Depending on the type of business, the term “unit” can mean a physical product, an hour of service, a project or job, etc.

2. When a company will have multiple prices for its products or services, the “average price per unit” can be a simple average of all the various prices (which assumes equal quantities of each product will be sold) or a weighted average based on the projected “mix” of products or services to be sold.

3. Variable expenses are expenses that vary directly with sales, such as the cost of buying a product from a supplier, hiring an independent contractor to perform part of the service. Another term for variable expenses is “cost of goods sold”.

|  |  |  |
| --- | --- | --- |
| **Variable Expenses** | **Year 2** | **Year 3** |
| **Projected Unit Sales**  (see Note 1) |  |  |
| **Variable Expenses per Unit**  (see Note 3) |  |  |
| **Projected Variable Expenses** |  |  |

# Appendix B – Business Plan Outline – Financial Plan Details

# Combined Sources & Uses of Funds and Cash Flow Statements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Item** | **Startup Funds** | **Year 1** | **Year 2** | **Year 3** |
| Owner’s Cash Investment in Business |  |  |  |  |
| Cash from other Investors |  |  |  |  |
| Cash from Loans and other Forms of Debt |  |  |  |  |
| **Less:** Startup Costs & Expenses |  |  |  |  |
| **Cash On-Hand at Start of Operations/Year** |  |  |  |  |
| **Add:** Cash Receipts from Customers |  |  |  |  |
| **Less:** Cash Paid to Suppliers and Employees for fixed and variable expenses (see Note 1) |  |  |  |  |
| **Cash Position after Operations** |  |  |  |  |
| **Less:** Interest & Principal Paid on Loans  (Monthly Payment X 12 months) |  |  |  |  |
| **Add:** Additional Investment or Loans |  |  |  |  |
| **Less:** Owner’s Draw (if any) |  |  |  |  |
| **Cash On-Hand at End of Year** (see Note 2) |  |  |  |  |

**Notes:**

1. Excluding loan payments and owner’s draw.

2. Cash on hand at the end of one year is the same as cash on-hand at start of following year

# Appendix B – Business Plan Outline – Financial Plan Details

# Projected Balance Sheet

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Beginning of Year 1** | | **End of Year 1** | | **End of Year 2** | | **End of Year 3** | |
| **Balance Sheet Item** | **Assets** | **Liabilities  & Equity** | **Assets** | **Liabilities  & Equity** | **Assets** | **Liabilities  & Equity** | **Assets** | **Liabilities  & Equity** |
| Cash on Hand |  |  |  |  |  |  |  |  |
| Accounts Receivable |  |  |  |  |  |  |  |  |
| Inventory On Hand |  |  |  |  |  |  |  |  |
| Fixed Assets – building, land, machinery, etc. |  |  |  |  |  |  |  |  |
| **Total Assets** |  |  |  |  |  |  |  |  |
| Accounts Payable |  |  |  |  |  |  |  |  |
| Loans Payable (see Note 1) |  |  |  |  |  |  |  |  |
| Owner’s Investment/Equity (see Note 2) |  |  |  |  |  |  |  |  |
| **Total Liabilities and Equity** |  |  |  |  |  |  |  |  |
| **Assets vs. Liabilities & Equity** (see Note 3) |  |  |  |  |  |  |  |  |

**Notes:**

1. Principle amount only - loans payable amount is reduced by principal paid during the year

2. Owner’s Equity may be a negative or positive number depending on whether the business was profitable and/or additional loans were taken out during year.

3. The Total Assets must always equal the Total Liabilities & Equity, with the equity being the difference between total assets and total liabilities.

# Appendix B – Business Plan Outline – Financial Plan Details

Breakeven Analysis

When a business does not project a profit for its first year of operations, it’s important to project the point at which the business will be able to breakeven financially. Depending the type of business, there are various ways to calculate breakeven points. Below are some examples:

|  |  |
| --- | --- |
| **Breakeven Analysis – Retail Business** | |
| **Projected Annual Fixed Expenses** | $ |
| **Average Profit per Unit\***  Ave. Price per Unit – Variable Expenses per Unit = Ave. Profit per Unit |  |
| **Breakeven Point in Units**  (Total Annual Fixed Expenses/Average Profit per Unit) |  |
| **Breakeven Point in Revenue**  Fixed Expenses + (Variable Expense per unit X Breakeven Point in Units) | $ |

\**Note:* If a business has multiple products, an overall average profit per unit must be calculated based on estimated product mix of sales.

|  |  |
| --- | --- |
| **Breakeven Analysis – Manufacturing Business** |  |
| **Projected Annual Fixed Expenses** | $ |
| **Average Profit per Unit\***  Ave. Price per Unit – Variable Expenses per Unit = Ave. Profit per Unit |  |
| **Breakeven Point in Units**  (Total Annual Fixed Expenses/Average Profit per Unit) |  |
| **Breakeven Point in Revenue**  Fixed Expenses + (Variable Expense per Unit X Breakeven Point in Units) | $ |

\**Note:* If a business has multiple products, an overall average profit per unit must be calculated based on estimated product mix of sales.

|  |  |
| --- | --- |
| **Breakeven Analysis – Service Business** | |
| **Projected Annual Fixed Expenses** | $ |
| **Number of Billable Hours per Year**  Allow for a certain percentage of non-billable hours each week.  *Example:* 10 hours per week @ 50 weeks per year = 500 hours |  |
| **Minimum/Breakeven Price per Hour** | $ |