

Business Plan

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What is a business plan?

A written outline that evaluates all aspects of the economic viability of a business venture. Starting a business without a business plan is like leaving for a road trip without a map. You need to know where you are going and HOW you plan to get there. Your business plan is your road map to success. It is a detailed road map of your business venture written to ensure strategic success

Things to consider as you build your business plan:

Writing a business plan answers the “5 W’s and H” questions for the reader.

Your business plan should address:

- WHO you are as a business.
- WHO will guide the company through its growth stages?
- WHAT your company does.
- WHAT sets your company apart from the competition?
- WHERE does your business operate?
- WHERE do you find your clients?
- WHEN you will open, hire, expand, and advertise. Every business needs a timeline.
- WHY your business is better than your competitors are.
- WHY customers will choose your business.
- HOW you operate, advertise, and most importantly, HOW you will succeed.

Strong Business Plans Have:

- A sound business concept
- An understanding of your business’ target market
- A healthy, growing and stable industry
- Capable management
- Able financial control
- A consistent business focus

Weak Business plans have:

- High focus on the product and/or services
- Little familiarity with target market
- Financial projections beyond industry norms
- Unrealistic growth projections
- High reliance on specialty engineering, one large client, or one supplier

Business or Company Description

Mission Statement

Usually 30 words or fewer; explains your reason for being and some guiding principles.

Goals and Objectives



Goals are where you want your business to be in 1, 2, 3 -5 years. This is a “WHAT” question. Objectives are progress markers along the way to goal achievement. This is a “HOW” question.

Business Philosophy

What are the core values for your business? What fuels your journey and motivates you to build this business? This is often a statement of passion. This is a “WHY” question.

Industry Scope

Briefly describe the industry you operate in and the customer you serve (you will do this more thoroughly in the marketing section). This is a “WHO” question.

Strengths

Describe your most important company strengths and what differentiates your company from your competition. What is your competitive advantage over the competitors? How does your product/service do a better job of meeting your customer’s needs than others?

This is a “WHAT” question.

Business Formation

Describe your legal form of ownership. This is a “WHAT” question.

Products and Services

Product Description

Describe in depth the products you offer (leave technical specifications, documents, drawings, photos, sales brochures, or other bulky items in the supplemental documentation). This is a WHAT question.

Service Description

Describe in depth the services you offer (leave technical specifications, documents, drawings, photos, sales brochures, or other bulky items in the supplemental documentation). This is a WHAT question.

Pricing

What is your pricing model? What does it cost someone to be a customer or client? Pricing, fee, or leasing structures.

Competitive Advantages

Does your product/service solve a problem for your customer? How does your solution to that problem meet the needs of your customer better than others? Detail what factors will give you competitive advantages or disadvantages. This is a good place to describe anything that makes your product/service unique; things like level of quality or proprietary information. If you have identified a direct competitor this is a great place to describe how you will overcome this challenge.

Market Analysis



Target Market

Describe your target customer. Include details such as age, race, gender, ethnicity, income level, location, social class and occupation, education, and other industry specific factors that your customer may embody. Include a detailed description of your target market.

Describe who your target customer is not. It is vital to understand who is NOT your customer.

Market Trends

Discuss trends in the target market – growth trends, customer preferences, and trends in product development.

Describe current demand and discuss growth potential and opportunity.

Discuss barriers to entry and how you will overcome those.

Detail your competition by listing your major competitors, how and what they will compete with you on, indirect competitors, and how your product or service will compare.

Marketing Plan

List descriptions and explanations of the marketing channels you will use detailing why they will be most effective.

Start Up Marketing

Discuss how you will budget your marketing efforts monetarily, with time, and with personnel. These costs may be different during your start-up period, be certain to describe initial costs.

On Going Marketing

Discuss how you will budget your marketing efforts monetarily, with time, and with personnel.

Management and Personnel

Applicable Experience

Discuss the personal history of the principals including business background, past experiences with tracking success, responsibilities, and capabilities, educational background, and identifying information. Focus on how the principals' experience is the right fit for building and leading the company.

Personnel

Number of employees, type of labors, enlisting labor, pay structure, training methods and requirements, onboarding, policies, and procedures, job descriptions.

Duties and Responsibilities

Organizational chart; list who will do what and why. This can be a description of how you will function during year and then how you would like to grow in the future. You can use this opportunity to create a timeline for the growth of your staff.

Salary and Benefits

Now that you have outlined which employee you will focus on hiring first, you will need to know what the type of talent you will need will cost. This can direct your timeline planning in your financials. Knowing the salary and benefit ranges for future hires will allow you know when you can afford to hire them. It is important to understand the true costs involved in hiring so that you can best judge when you are able to hire.

Resources

List any existing resources that you have in place and available to your business.

Operational Plan

Production: Production techniques and costs, quality control, customer service, inventory control, product development.

Location: Amount of space, type of building, zoning, power and other utilities, requirements for access.

Legal environment: Licensing and bonding requirements, permits, health, workplace, or environmental regulations, industry or profession specific regulations, zoning or building code requirements, trademarks, copyrights, or patents.

Suppliers

Names and addresses, type and amount of inventory furnished, credit and delivery policies, history and reliability.

Executive Summary

When completed this section should be 1-2 pages in length. This is an objective overview and needs to be written last. Think of this section as a short sales presentation that tells the reader what you are doing, why and how you are doing it, why you are qualified, and what sets you apart in the marketplace.

Business concept: Describe the product and the market it will serve.

Financial features: Summarize information from financial statements and forms that document the viability of your business and its soundness as an investment.

Financial requirements: Indicate the cost of the entire project (investment and working capital) and how you plan to finance the business. This can include statements about prior investments made to build the business foundation.

Address the current state of your business and its history. Where are you currently in the process of forming or building your business? What steps have you taken to arrive at this moment?

Market: Describe how you will operate in the market and what your competitive advantages are. How will your business meet the needs of your consumer better or differently than other existing businesses? What is your 'secret sauce' that keeps bringing customers back to you?

Management: Include qualifying information about management and key personnel. If you will be hiring persons to supplement your knowledge of the market or consumer (IE someone that has helped to manage a similar business) you should clearly state these intentions.

Detail your road to success by projecting growth. Sum up your numbers here. Use your projections or existing sales data to tell a story to the read of HOW your business will strategically grow and sustain for the next 1 -3 years.

Financial Data

You will need to complete and attached to your final draft:

1. Personal financial statement
2. Three years of financial projections or statements
(profit and loss, balance sheet, statement of cash flows)
3. Break-even analysis

Supplemental Documentation to be attached to final draft:

- Resume or CV
- Industry studies
- Blueprints and plans
- Maps and photos of location
- Marketing materials
- Quotes or estimates
- Legal documents relevant to the business
- Letters of intent
- Lease agreements