

BUSINESS PLAN OUTLINE

Every business can benefit from the preparation of a carefully written business plan. The purpose of the business plan is to:

1. Help you think through the venture and ensure you have considered all your options and anticipated any potential difficulties.
2. Convince lenders and investors that you are in control of the project and that their money will be safe with you.
3. Serve as an operating guide as you turn your idea into a viable business.

The following pages provide a suggested outline of the material that should be included in your business plan. The final product should be tailored to fit the circumstances and personality of you and your business.

Business Plan Outline

1. Cover: Name, address, and phone number of business. Give your plan a businesslike appearance by typing on high quality paper and putting it in a vinyl or cardstock binder or a three-ring binder.

2. Title Page: Repeat the business name, address and phone number, and add the name and addresses of the principal owners. Also show the date of the plan.

3. Executive Summary:

A brief (one-page maximum) overview of the business plan objectives. Address the following questions and add additional information that will help you achieve your goals. (You may choose to write this page last.)

A. What name and business structure have you chosen (i.e., sole proprietorship, partnership, corporation, s-corporation) and when was it started?

B. Who are the owners and what are their percentages of ownership?

C. Briefly, what products/services will you will offer?

D. Why will the venture be successful?

For a financing proposal:

E. How much money is needed?

F. What will the money be used for?

G. Of the total amount needed, how much will the owners invest?

H. What collateral will be offered to secure the loan?

I. Why does a loan or an investment make sense?

impact on local economy
job creation
increased tax base
investment in the future of the community

4. Table of Contents: A single page showing major topics and page references.

5. Description of the Business: Answer as many of the following questions as are appropriate:

A. What business are you in?

type of business: primarily merchandising,
manufacturing, or service?

what is the nature of the product(s) or service(s)? Take
your time, be very specific!

what will be special about your business?

B. What market do you intend to serve? In other words, what groups
of customers are you going after?

C. How can you serve the market better than your competition? Do
you have any special advantages?

D. Present status of the business: start-up, expansion of a going
concern, or take-over of an existing business?

E. If you will be doing any contract work, what are the terms?
Reference any firm contracts and include them as supporting
documents.

F. Do you have any letters of intent from prospective suppliers?

For existing business:

G. What is the history of the business? Past sales & profits?

H. Why does the owner wish to sell/expand at this time?

I. If the business is going downhill, why? How can you turn it around?

J. How will your management make the business profitable?

K. If buying a business, what is the purchase price formula? Give
breakdown for building, improvements, equipment, inventory and
goodwill.

Note: If yours will be a seasonal business, make sure seasonality is
reflected in your narrative and financial projections.

6. Business Location:

- A. What is your business address and why did you choose this location?
- B. Will the building be leased or owned?
- C. What are the terms and length of the lease contract?
- D. What renovations will be needed and at what cost? Provide an itemized list of renovations.
- E. Describe the neighborhood (e.g., stable, changing, improving, deteriorating).
- F. What other kinds of businesses are in the neighborhood?
- G. How much can your business expand before you will be forced to move or add on to the present building?

7. Licenses and Permits:

- A. State how you will be affected by local zoning regulations.
- B. What other licenses or permits will you be required to obtain? County? City? State? Health Dept.?

8. Management:

- A. What is your business and management experience?
- B. What education have you had, including both formal and informal courses, that contributes to your management abilities?
- C. Are you physically suited to the job?
- D. Do you have direct operational and/or management experience in this type of business?
- E. Describe your organizational structure and include a brief description of who does what. (Include an organizational chart if necessary.)
- F. List proposed salaries and wages.
- G. What other management resources will be available (accountant, lawyer, SBDC)?

9. Personnel: Write a paragraph or two about your personnel needs.

- A. What are your anticipated personnel needs? How many employees will you need and when?

- B. What skills must your employees have & what will you pay them?
- C. Can you use part-time help to meet changing business volume?
- D. Will you have to train people and at what cost?

10. Insurance: Describe your potential business risks and tell what insurance coverage you will purchase to protect yourself.

11. The Market: Generally explain who needs your product or service and how you plan to reach them.

- A. What is the present size and growth potential of the market?
- B. What percent of the market will you have now and in the future?
- C. Describe age, sex, occupation, lifestyle, income, etc. of your various market segments.
- D. How will you attract and keep your segment of the market?

- product quality
- price
- marketing methods & public relations
- personal selling

- E. What features or services will you offer that will justify your price?
- F. How will you handle credit sales?

- extend your own credit
- accept major credit cards

- G. What pricing strategy will you use? Will you follow the average in the industry? Are your costs low enough to be the low price leader? Are you unique enough to justify premium pricing?

12. Competition: Briefly describe your competition and tell how their operations are similar and dissimilar to yours. What are the strengths & weaknesses of main competitors? What is your "unique selling proposition" (how you will be better/different) and how will you use it to control your market? What is their pricing?

13. Operations: This is your "wild card" section where you describe how your company's day-to-day operations work.

- A. What furniture, fixtures, equipment, tools, inventory, etc. do you need to purchase? Make an itemized list with prices.
- B. How is a customer "processed" from the time they walk in until the

transaction is complete? Describe the steps you take.

C. What paperwork will you use? Estimates? Receipts? Bids?

D. Who are your main suppliers? What kind of pricing will they give you? Bulk discounts available? How much will you mark it up?

E. What hours/days will you be open?

14. Financial Data:

A. Financial assumptions: In this section describe how you came up with the numbers shown on the financial projections. What method did you use to estimate sales? Where did the monthly expense numbers come from? From quotes of suppliers?

B. If the company is already in business, attach current balance sheet and income statement (less than 90 days old) plus those for the past 3 years of operations. For startups, usually no current Balance Sheet is required.

C. Projected income statement

 detail by month, first year

 detail by month or by quarter, second & third years

D. Cash flow projections

 detail by month, first year

 detail by month or by quarter, second and third years

 notes of explanation and assumptions

E. Projected balance sheet

 For end of years 1, 2, and 3

H. For an existing business

 tax returns for past three years

15. Supporting Documents:

A. Personal resumes for all owners.

B. Personal financial statements for all owners.

C. Letters of reference.

D. Letters of intent from prospective suppliers or customers, if available.

E. Copies of all leases, contracts, or agreements, deeds, or other legal documents.

F. Any other information that might help your case or answer potential questions.