



Business Plan

Business plans are proposals that are designed to provide information about a business venture to potential investors, and business plans follow the same format of any other proposal: front matter, body, and back or end matter.

1. Functions:

- A. Serves as a blue print for the company, thereby keeping the company focused on both short and long term goals, and demonstrates that the company has evaluated the steps to achieve those goals.
- B. Written as a means to secure funding or for senior management to approve expansion.

2. Audience Members:

The audience members are bankers, other funders, consultants, and senior management.

3. Design:

In order to make the text easy to access, the writer should incorporate both text and illustrations—graphs, charts, tables, etc.—and incorporate the use of headings and subheadings.

4. Organization:

Business plans are similar to formal reports and proposals in organization with front matter, body, and back or end matter.

- A. Front matter contains a cover sheet, table of contents, executive summary, and transmittal letter. All elements of the front matter are written last.

I. Cover Sheet:

- a) Name, address, phone, email, fax of the business
- b) Name, address, phone, email, fax of the owner/officers
- c) Month and year that the plan was prepared
- d) Name of preparer
- e) Copy number of the plan

- II. Table of Contents: The table of contents is created to direct your audience members to specific content areas. It is important that you list the headings and subheadings precisely as they are listed within your text.

- III. Executive Summary: (**Refer to the Executive Summary resource.**) Remember that all executive summaries are written according to the information in your proposal. You will follow the organization of your business plan and summarize the content, highlighting the important information.

- B. Body sections contain the meat of the business plan and include the organizational plan, marketing plan, financial plan, and supporting documents.

- I. Organizational Plan: In this section, you will write a descriptive summary of your business statement followed by explicit information about the administration of your business.

- a) Business Description: In one to two paragraphs, write a broad overview of your company. Provide the following information in the over view:
 - i. Identify the company's legal name and status, the date that the company was formed, and why it was formed.
 - ii. Explain the services that it provides—what the company does.



- iii. Provide an overview of the strategy within its industry.
 - iv. Provide short and long term goals, including a time table and your plan to implement the strategies to achieve the goals. (**Refer to the Writing Effective Goals resource.**)
 - v. Define the company's business model and what makes it special or unique.
 - vi. Explain your company's strengths, weaknesses, opportunities, and threats.
- b) Products and Services: Provide an explanation of the products and services, and the indirect information that relates to the product.
- i. Manufacturing Industry: Describe the product that you make, discuss the process to make it, and provide the information about suppliers and any materials.
 - ii. Retail Industry: Describe what you are going to sell. In addition, discuss the suppliers, handlers, and providers of your inventory.
 - iii. Service Industry: Describe the services you are going to provide. Describe all direct and indirect influences upon the service.
- c) Mission and Vision Statements:
- i. Mission statements summarize the purpose of the business.
 - ii. Vision statements describe the future of the company.
- d) Administrative Plan: The administrative plan must be explicit and should refer to an appendix that will provide certificates, resumes, license agreements, etc. of all administrative employees.
- e) Intellectual Property: Provide all copyrights, trademarks, and patents. Provide the supporting documents that may be required: photos, registrations, diagrams, etc. Refer to the appendices.
- f) Physical Location: Provide the exact address of your current business and the cost of that location in rent or lease, as well as any utility providers and projected costs.
- g) Support providers: (Lawyers, accountants, insurance providers, etc.) Provide their addresses and resumes. Explain and describe the types of insurance and why.
- h) Management: Provide information on the people who are running the company, their resumes, their responsibilities, their salaries, and projected wage increases.
- i) Employees: Provide the number of employees, their qualifications, their hourly wages, and any insurance or other benefits that you will provide.
- j) Security: Address any security issues and solutions. Outline the costs of security.
- II. Marketing Plan: This portion of the plan provides the information and definition about your marketing strategy. In this section, you will need to demonstrate your knowledge of the market by analyzing and defining the market and the competition, and then proceed with the description of your business. Your audience must know where your business will fit into the competition of similar businesses, as well as where your company will fit into the community. If you are not able to provide this information, you are not going to appear prepared.



You will be required to know the ins and outs of direct and indirect influences.

(Refer to the Marketing Plan Resource.)

- a) Overview your marketing strategy and goals.
 - b) Provide a specific advertising plan.
 - c) Your marketing director usually writes this section.
 - d) Market Analysis:
 - i. Marketing aim—demographics.
 - ii. Marketing trends and needs.
 - iii. Marketing research—be explicit with your sources.
 - iv. Marketing competition—assess any strengths and weaknesses.
 - e) Market Strategy:
 - i. General description that will include a budget.
 - ii. Packaging, pricing, branding, and method of sales.
 - iii. Sales strategies and incentives.
 - iv. Advertising strategies and public image and relations.
 - v. Your position and connections that you can provide that will give your audience confidence in your ability.
 - vi. Direct customer service offers, activities, and any departments related to customer service information.
- III. Financial Analysis: Provide all of the information about finances. This section should not be completed until you have provided the overview of the organizational plan and the marketing plan. You will provide quantitative analysis of all the following information:
- a) Summary of financial need:
 - i. Provide the exact amount of money needed and why.
 - ii. Explain how you will use the money and back it up with supporting data
 - iii. Provide a budget in terms of cash in and cash out over a period of time. If you are expanding an established business, provide a three or four year spread sheet that details in and out flow. If this is a new business, you will provide a very detailed administration of the money and a budget projection for at least three years. If your business is new, you should provide your personal financial history.
 - iv. Provide the net worth of your company at the end of the fiscal year and projected assets and liabilities.
 - v. Provide profits and losses (established businesses).
 - vi. Provide a balance sheet that will contain assets, liabilities, and net worth.
 - vii. The use of funds statement should accompany this section.
 - viii. Complete an explicit financial analysis—you may also provide graphs and tables for easier explanation.
- IV. Supporting Documents: Provide the supporting documents at the end of the business plan or feature the information in the appendix. Whichever way that you proceed from here, you must always refer your reader to this information. If you have mentioned your yearly budget but did not provide a spreadsheet or any other



supporting document, you should write in your plan: refer to supporting documents or refer to the appendix (provide the page number).

- C. Back matter contains the appendix, glossary (if needed), or an index (if needed).
 - I. Resumes should provide information that directly relates to your business. Include pertinent work history and educational background. In your appendix, provide certificates and diplomas as well as professional affiliations and honors, focusing on special skills relating only to your business. In addition to your resume, you will include the following resumes:
 - a) Owner
 - b) Management
 - c) Include the information for your accountant, attorney, and insurance provider
 - II. Owner's personal financial statement provides the lending institute with your credibility.
 - III. Credit reports: (If you have questionable credit information—you must address that information with explanations and your actions to repair the damage.)
 - a) The company's
 - b) The owner's
 - c) The supplier's
 - IV. Copies of leases, mortgages, purchase agreements, and contracts.
 - V. Include leased land and length of lease.
 - VI. Rented equipment, vehicles, etc.
 - VII. Titles of company equipment and vehicles.
 - VIII. Reference letters provide both personal and business references.
 - IX. Insurance information.
 - X. Include all types of insurances that you have, including health.
 - XI. Insurance that you will provide for employees.
 - XII. Reviews of services or products are important and provide the lender with confidence that your business provides excellent services or products.