Business Plan Outline

Every business needs a business plan
• “If you fail to plan … you are planning to fail”
• Allows the entrepreneur to fully examine market, competition and various operating alternatives
• Proves to the entrepreneur the business should be profitable
• Allows the entrepreneur to plan for “what ifs”
• Gives entrepreneur a “road map” to monitor success
• Required for any kind of start-up financing

To start
• Is there a real need for my product or service?
• Is there a market for my product and service?
• Is there room in the competitive environment for my company?

Description of the business or executive summary
• Name of business
• Names of principals
• Address and phone number of business and/or principals
• Business structure: sole proprietorship, partnership, LLC, LLP, corporation, (“S”)
• Status of business: start up, expansion, acquisition, other
• Type of business: What do you do? What product or service do you provide?
• If you have an existing business: brief history of the business including financial performance
• If a product based business: Where will you get your products from? Will you be manufacturing?
• Market: Who will your customers be?
• Location and hours

Market
• Is there a real need for your product or service? How do you know – what industry data do you have that supports your assessment?
• What are the important trends in your business and how will they impact you? (Sales growth, market segmentation, productivity, etc.)
• What is unique about your product or service?
• How will you price your product or service? Will it be competitive – why or why not?
• Who will your target customers be: geographic, demographic, psychographic, other?
• What is the potential size of your market? What market share can you attain?
• Will your company grow over the next 3 – 5 years? Will the customers be the same?
Sales
- How will you reach your potential customers?
- What sales and distribution channels will you use?
- What will your marketing and sales efforts cost?
- Will you need in-house sales support or outside reps.?
- How will you retain your customers?

Economic Environment
- What is happening in the local economy?
- Will you be affected by the national or global economy?
- What are the trends?
- Are there regulatory or environment issues that the company needs to deal with?
- How do you view future economic conditions?

Competition
- Who are your competitors?
- Where are they located?
- Is their business steady, increasing or decreasing? Why?
- Will they react to your entry in the market?
- What are their strengths?
- What are their weaknesses?
- How do you compare to the competition: price, quality, service, etc.?
- How will you differentiate yourself from the competition?
- Who do you think the competition will be over the next 3-5 years?

Suppliers
- Who will your suppliers be?
- What payment terms will they give you?
- Will your suppliers be in business as your business grows?
- Are there alternative suppliers?

Location, Facility, Equipment
- How much space do you need? Is there enough space for expansion? What will it cost?
- What renovations are required? How much will it cost? (Include actual quotes.)
- How much parking do you need?
- Do you need to be visible from a main street?
- Is the zoning appropriate?
- What type of area do you need to be in?
- What type of equipment do you need?
- Will you lease or buy the space and/or equipment?
- If you will be manufacturing: describe the manufacturing process and physical requirements.
- Describe the distribution process.

Production (Manufacturing)
- How will you manufacturer your product?
- What are the technology requirements?
• Are there any environmental, zoning or other restrictions?
• Would outsourcing be a viable alternative?

Management
• Who will manage the business?
• What experience, training and education do the managers have? Experience may be in a different, but related, business. Attach resumes or personal histories.
• What outside resources are available to management? Accountant, lawyer, insurance agent, other.
• Is there any back for the manager(s) if the primary manager is incapacitated?

Personnel
• Who will you need to hire?
• What will you need to pay?
• Will you need to provide benefits? And, at what cost?
• Are the people you need to hire available in your local area?
• Will you provide training or education?

Business Acquisition (if applicable)
• Who are the current owners and operators?
• Will anyone remain with the business?
• Is training available or necessary?
• Why is the owner selling?
• What is the purchase price?
• What specific assets are being purchased and at what valuation? (If it’s a stock purchase it should be noted.)
• What has been the financial performance of the business over the last three years?
• Will the performance be the same under new management?
• If not, what changes will be made and what are the anticipated results?

Financing Requirements (if applicable)
• How much money does the company need?
• What will the money be used for? Be specific.
• How much money will the owner(s) invest?
• What type of financing does the company need: term loan, line of credit, or equity?
• If a loan or line of credit is requested are personal guarantees and personal collateral available to pledge in addition to the business collateral?

REQUIRED FINANCIAL INFORMATION

If a start-up company
• Schedule of financing need and purpose
• Schedule of sources and uses of start up funding (include quotes for service and/or purchases
• 3 years projected Profit & Loss (Income Statement or P & L)
• 1st year projected Profit & Loss Statement by month
• 1st year projected monthly cash flow
• Detailed assumptions used to create pro-formas
• Opening day balance sheet
• Owners’ personal financial statements
• Owners’ personal tax returns (3 Years)

If an existing company
• Schedule of financing need and purpose
• Schedule of sources and uses of funding (include quotes for service and/or purchases)
• 3 years projected Profit & Loss (Income Statement or P & L)
• Next year projected Profit & Loss Statement by month
• Next year projected monthly cash flow
• Detailed assumptions used to create pro-formas
• Three years of company financial statements: P & L, Cash Flow, Balance Sheet
• Three years company tax returns
• A/R agings
• A/P agings
• Equipment lists
• Owners’ personal financial statements
• Owners’ personal tax returns (three years)