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## **What is a Business Plan**

Business is a difficult and serious vocation. It requires careful thought and preparation. A business plan is a necessary planning tool for any business. Starting, or expanding, a business without a business plan is like starting a cross-continent road trip without a map. You may get some place, but it might not be where you intended to go. It will most likely be a rocky, and expensive, journey.

A business plan contains, but is not limited to, the following points:

### **A. Business Description (Summary)**

1. Name of business, location and description of facilities.
2. Type of product or service offered.
3. Brief description of your market and your competition.
4. Brief description of your management experience, as well as the experience of your management team.

### **B. Business History (for established businesses)**

1. How long the business has been in existence.
2. Identify prior owners, and state when and how long you have operated the business.
3. Number of employees.
4. Provide last year's sales volume and profit.
5. Discuss any significant events that have affected the company's development.

### **C. Definition of Your Business Goals**

1. Prioritize your goals - improve cash flow? Improve profit? or expand market share?
2. Describe how you are going to accomplish your goals.

### **D. Financial Needs**

1. How much money do you need and why?
2. describe how your will use the funds.
3. Discuss how you will repay the loan.

### **E. Market Analysis**

1. describe your potential customers - who they are, what they do, where they are located, the number you have (or could have).
2. what outside factors - economic, legal, technological - affect your market, product or service.
3. Describe your competition - the number, their; products or services, quality, marketing strategy, location, market share, etc.
4. discuss how your service or product meets market needs and how you compare with your competition. Describe how you plan to market your company in order to stand out from the competition (marketing strategy).



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## **F. Logistics**

1. describe your operating plan for the next two years.
2. Describe the location of your business - what other businesses are located nearby, how does the location affect your operating costs, do you own, ore lease your faculties, does it have sufficient parking for your customers, is it easy to get to?
3. define the factors which impact your operating costs - the office products, your raw materials, equipment needs (and the necessary technical upgrades).

## **G. Legal**

1. Describe the legal status of your business - sole proprietorship, partnership, corporation - and status (in formation or already formed).
2. Describe any legally binding contracts, agreements (including partnership agreements, buy -sell arrangements, or franchise agreements).
3. List specific licenses needed and the status of those licenses.. Include any patents, copyrights, trademarks.
4. Discuss zoning requirements, health code regulations, and other law or regulations that affect your business.
5. Describe your lease arrangement for either the facility or any equipment, as well as any liens and/or outstanding debt.

## **H. Staffing Plan**

1. Draw an organizational chart with the key managers and their responsibilities show, along with their related work experience, proposed compensation, etc.
2. Describe the number of employees expected, type of labor, and source.
3. explain what, if any, training will be needed. Describe how you will compensate your employees.
4. Determine if you intend to have a Board of Directors, who will be on the Board, and their experience.

## **I. Financial Information**

1. If the business is already in existence, include the following for the previous three years - balance sheet, reconciliation of net worth, income statement, (profit and loss statement), debt schedule, cash flow statement, accounts receivable and accounts payable aging.
2. If the business is a startup business, include the following - pro forma balance sheet (as of start of business), cash flow projections for the next five years (on a monthly basis for the first twenty-four months, annually for the next three years). Include all assumptions behind the projections.

## **J. Appendix**

1. Attach copies of all documents - legal contracts and agreements, leases, licenses, insurance and bonding compliance, documentation pertaining to the legal formation and status of your business, etc.