

Important Information To Include In Your Business Plan

Goals

Use these questions to brainstorm about your business. Jot down ideas about your business that fall under each of these categories.

Personal Goals Sheet

- Why do you want to start a business?
- What are your goals for making your business succeed?
- What action steps will you take to ensure your business' success?

Vision Statement

- What is the purpose of this business?
- What kinds of products/services will it provide?
- To whom will your business offer these products/services?

Description of the Business

- When business started: (month/year; not yet)
- Form of business: Sole Proprietor; Limited Liability Company; Partnership; Corporation
- Type of Business:
 - Wholesale
 - Retail
 - Production
 - Service
 - Other (Describe)
- Describe your business:
 - Give a brief history of your business, **how** and **why** you started it.
 - What does it look like today?
 - How has it grown OR How will it grow?
 - What do you want it to look like in three years?

Marketing Plan

Description of the Market

- Describe why people will buy your product or service. What is your USP (unique selling proposition)?
- Conduct market research.
Some ideas: Create a survey about your product/service and ask people to fill it out. Search the internet for statistics on your sector of the market, including: What are their needs? What is their monthly disposable income?
- Describe who you will market to, such as: individuals, businesses, institutions.
- Describe your customers' characteristics: Include age, sex, income, marital status, education, life style, etc. Write down anything that you can determine about your customers, which would be helpful for you to target. The more specific, the better!
- Describe your market area. Address questions such as:
 - Where do your customers live?
 - Will you target customers in your city, county, state, regions?
 - How will you reach them? (direct mail, internet, flyers, other)
 - How do similar businesses reach their customers?
 - Where will you advertise to get their attention? (newspaper, radio, other)
 - What is the size of your market?
 - How and where will you find enough customers for your business to thrive?

Description of the Competition

- List three businesses whose product/service are most similar to yours.
- Visit them
- Call them on the phone
- Buy their products
- Observe their customer service practices
- Describe your business' strengths and weaknesses compared to these competitors
- What have you observed about your market?

Promotion

- Describe how you plan to get the word out about your products and services.
- How much money will you spend?
- Methods of Advertising:
 - Newspaper
 - Radio
 - Magazine
 - Television
 - Internet
 - Telemarketing
 - Postcard Mailing
 - Other (Describe)
- Publicity & Sales Promotion methods:
 - Stationary and Business Cards
 - Brochure
 - Press Releases
 - Newsletters
 - Promotional Kit (one-sheet about you & your business; testimonials from satisfied customers; any articles or press about your business; brochure; business card)
 - Trade Shows
 - Craft Fairs
 - Sales Literature
 - Community Bulletin Boards
 - Memberships
 - Word of Mouth
 - Other (Describe)

Selling Strategy

- How will you sell your product?
- Please add a few sentences of description to each of the following that applies:
- Methods of selling used:
 - Person to person
 - Direct Mail
 - Catalog
 - Direct response advertising
 - Telemarketing

Pricing and Distribution

- Explain your strategy for pricing your product or service.
- What are your projected costs (including overhead, materials, distribution, and advertising)
- What percentage of those costs do you expect to earn in profit?
 - For example: if you buy a watering can for \$10.00 and it cost \$4.00 to produce, the retail store has earned \$6.00 before paying its expenses.

Once you have identified how to price your product or service, you can research avenues for selling it. This concept is known as distribution.

- How will you reach your target market?
- How will you access your distribution network?
- How much will it cost to distribute your product or service?
- Observe your competitors: do you want to use the same distribution channels? Can you select different channels to gain a competitive advantage?

Description of the Business Location

- Describe where your business is located now and how it looks. If you are planning a move or change in your present location, please describe them.

Description of the Management

This is your job description. Use this as a place to describe relevant parts of your professional experience as well as a way to outline all the duties that go into running your business.

- What business experience and education do you have?
- Why are you and the people who work with you the best qualified to run this business?
- Brag about yourself!
- Will you have employees? If so, what is their job description/qualifications?

Operations Plan

Describe how your business will run on a daily basis. Describe how you will handle certain responsibilities such as:

- Recording expenses
- Paying bills
- Shipping orders
- Returning phone calls

Address questions such as:

- What times of day are better for you to do which kinds of tasks?
- Are you a morning person or an afternoon person?
- Will you hire other employees to help you? Outline their responsibilities as well. This part of your plan will help you write job descriptions when you are hiring staff.

Advisory Board

- Describe any professional services you will use and how they will help your business succeed:
 - Accountant
 - Marketing Analyst
 - Graphic Designer
 - Other business assistance
- Ask your lawyer, accountant, or friends to suggest contacts for people in your community who might offer you helpful advice or insight. Call them, ask them to be part of your advisory board, and continue to follow up with them until they either join your board or provide you with a suggestion of another potential board member to contact. Good advice increases your business' success.

Summary

In a few paragraphs, summarize the most important parts from the previous sections of this plan.

Financial Data

Description of Sources and Uses of Funding

- Sources of Funding:

- Bank Loan \$ _____
- Other Loan \$ _____
- Personal Savings/ Equity \$ _____
- Other Resources \$ _____
- **Total Funds** \$ _____

- Uses of Funds:

- Inventory \$ _____
- Equipment \$ _____
- Advertising \$ _____
- Insurance \$ _____
- Supplies \$ _____
- Other _____ \$ _____
- _____ \$ _____
- _____ \$ _____
- **Total Funds Used** \$ _____

Income Statement

This spreadsheet outlines the business's ability to generate cash. You should have a monthly income statement for the first year, followed by quarterly income statements for the second and third years.

The income statement projects:

- Cost of goods (for your product or service)
- Expenses
- Gross Profit (what the business earns in sales)
- Net Profit (what percentage the business will earn after paying its cost of goods and operating expenses)

Cash Flow Projections

The cash flow statement details the money that comes into the business and goes out of the business. Gather information about your monthly operating expenses. Based on your income statement and your cost of goods, estimate how much your business will earn on a monthly basis. Now you are ready to project your cash flow for the first three years of the business.

- Begin with a one-month projection
 - List each of your monthly expenses
 - List how much income your business will generate
- Expand to a 12 month projection
- Expand to a three year projection, including estimates for your business' growth
- Write an explanation about your cash flow projections (Cash Flow Analysis)
 - Explain how you arrived at these estimates
 - What are your sources of market research?
 - What precedents (if any) did you use to estimate other expenses?
 - Explain each category of your cash flow separately.
For example: Expenses – Internet: The business will use ____ as an internet service provider. The cost of this service is \$__ for initial connection, \$__ monthly fee, \$__ for web hosting

Balance Sheet

The balance sheet provides a picture of your business over a set period of time (usually a quarter or a year). It outlines your business's financial strengths and weaknesses in terms of assets, liabilities, and equity.

Notes

Be sure that, before you open your business, **you have a financial cushion** to give your business stability. This cash consists of working capital, comprised of at least three months' worth of operating expenses, which, hopefully, you will never need to spend.

Have fun with the financial projections – the better you understand your business finances, the better you will be able to use them as a measure of success!