

Southeastern Massachusetts Small Business Development Center Network Business Plan Outline

Things to Consider as You Prepare Your Business Plan

As you prepare your business plan, remember the following:

1. Make a financial proposal as realistic as possible--don't be too optimistic.
2. Don't underestimate capital requirements.
3. Don't over estimate cash flow
4. Don't underestimate the time it takes to get things done.

As you prepare the financial presentation, keep these thoughts in mind:

1. Look the part -
When you are seeking money, don't look as if you need it.
2. Attitude -
Act and think successfully and you will be successful.
3. don't haggle over a few % points -
If the project is a good one, don't let a few points ruin the deal.

BUSINESS PLAN OUTLINE

COVER SHEET: Name of business, names of principals, address and phone number of business.

STATEMENT OF PURPOSE

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3. SUPPORTING DOCUMENTS

Personal resumes, job descriptions, personal finance statements, credit reports, letters of reference, letters of intent, copies of leases, contracts, legal documents, and anything else of relevance to the plan.

STATEMENT OF PURPOSE

QUESTIONS:

What is the purpose of this plan? Operating guide? Financing proposal?

What is the business structure (i.e., sole proprietorship, partnership, corporation, Subchapter S corporation)?

Who is asking for money?

How much money?

What is the money needed for?

How will the funds benefit the business?

Why does the loan or investment make sense?

How will the funds be repaid?

A. DESCRIPTION OF THE BUSINESS

QUESTIONS:

Type of business: Is your business primarily merchandising, manufacturing service?

Status of business: Is your business a start-up, expansion of a growing concern, or a take-over business?

Business form: Sole proprietorship, partnership, corporation?

Why is your business going to be profitable?

When will (did) your business open?

What hours of the day of the week will you be (your are) in operation?

If your a seasonal business, or if the hours will be adjusted seasonally, make sure that the seasonally is reflected in your replies to the two previous questions.

FOR A NEW BUSINESS

What will you be successful in this business?

What is your experience in this business?

Have you spoken with other people in this business? What was their response?

What will be special about your business?

Have you spoken with prospective trade suppliers to find out what managerial and/or technical help will they provide?

Have you asked about trade credit?

If you will be doing any contact work, what are the terms? Reference any firm contract or letter of intent, and include it as a supporting document.

FOR A TAKE-OVER

When and by whom was the business founded?

Why is the owner selling it?

How did you arrive at a purchase price for the business?

What is the trend of sales?

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

How will your management make the business more profitable?

B. THE MARKET

QUESTIONS:

Who exactly is your market? describe characteristics: age, sex, profession, income, etc.

What is the present size of the market?

What percent of the market will you have?

What is the market's growth potential?

As the market grows, dose your share increase or decrease?

How are you going to satisfy your market?

How are you going to price your service, product, or merchandise to make a fair product and, at the same time, be competitive.

How will you attract and keep this market?

How can you expand your market?

What price do you anticipate getting for your product?

Is the price competitive?

Why will someone pay your price?

How did you arrive at your price? Is it profitable?

What special advantages do you offer that may justify higher price (you don't necessarily have to engage in direct price competition)?

C. COMPETITION

QUESTIONS

Who are your five nearest competitors?

How will your operation be better than theirs?

How is their business: steady? increasing? decreasing? Why?

How are their operations similar and dissimilar to yours?

What are their strengths and/or weaknesses?

What have you learned from watching their operations?

D. LOCATION OF THE BUSINESS

QUESTIONS:

What is your business address?

What are the physical features of your building?

Is your building leased or owned? State the terms.

If revocations are needed, what are they? What is the expected cost? Get quotes in WRITING from more than one contractor. Include quotes as supporting documents.

What is the neighborhood like? Does the zoning permit your kind of business?

What kind of businesses are in the area?

Have you considered other areas? Why is this one a desirable sight for your business?

Why is this the right building area location for your business?

How does this location affect your operating costs?

E. MANAGEMENT

QUESTIONS:

What is your business background?

What management experience have you ever had?

What education have you had (including both formal and informal learning experiences) which have bearing on your managerial abilities?

Personal data: age, where you live and have lived, special abilities, and interests, reasons for going into business.

Are you physically suited to the job? Stamina counts.

Why are you going to be successful at this venture?

A personal finance statement must be included as a supporting document in your plan if it is a proposal for financing.

Do you have direct operational experience in this type of business?

Do you have managerial experience in this type of business?

Do you have managerial experience acquired elsewhere - whether in totally different kinds of businesses, or as an offshoot or a club or team membership, civic or church work, etc.?

Who does what? Who reports to whom? And where do the final decisions get made?

What will management be paid?

What other resources will be (accountant, lawyer)?

F. PERSONNEL

QUESTIONS:

What are your personnel needs now? In the near future? In five years?

What skills must they have?

Are the people you need available?

Full or part time?

Salaries or hourly wages?

Fringe benefits?

Overtime?

Will you have to train people? If so, at what cost to the business (both time of more experienced workers and money) ?

G. APPLICATION AND EXPECTED OF LOAN OR INVESTMENT

QUESTIONS:

How is the loan or investment to be spent? This can be fairly general. (working capital and new equipment, inventory, supplies)

What is the item or items to be bought?

Who is the supplier?

What is the price?

What is the specific model name and/or number of your purchase(s)?

How much did you (will you) pay in sales tax, installation charges and/or freight fees?

How will the loan make your business more profitable?

Financial Data
A. Sources & Applications of Cash

Sources

Bank Loans:

1. Mortgage Loan \$ _____

2. Term Loan \$ _____

3. Reserved Loan \$ _____

Other: _____ \$ _____

Total: \$ _____

Applications:

Purchase Building \$ _____

Equipment \$ _____

Renovations \$ _____

Inventory \$ _____

Working Capital \$ _____

Reserve for Contingencies \$ _____

Other: _____ \$ _____

Total: \$ _____

FINANCIAL DATA
B. Capital Equipment List

Equipment & Normal Accesories Model Cost or List Price

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Total \$ _____

Minor Shop Equipment

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Total \$ _____

Pro-Forma Income Statement
 Year 2

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year 2 Total
Sales						
Cost of Sales						
Gross Profit						
	Percent of Sales					
Operating Expenses						
	Payroll					
	Payroll Taxes					
	Rent					
	Utilities					
	Depreciation					
	Advertising					
	Maintenance					
	Insurance - Prop/Liab					
	Insurance - Health					
	Office Supplies					
	Membership Dues					
	Bank Fees					
	Travel Expenses					

	Accounting & Legal					
	Interest Expense					
	Miscellaneous					
Total Operating Expenses						
Net Profit Before Taxes						
Percent of Sales						

PERSONAL FINANCIAL STATEMENT